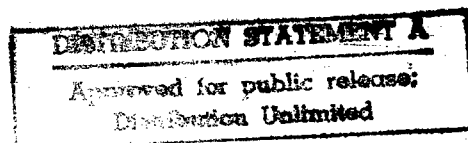


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15 March 1984

Latin America Report

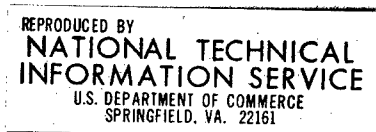


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15 March 1984

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FORMER OFFICIAL QUESTIONS GOVERNMENT STATEMENT ON GAS PRICING

Kingston THE DAILY GLEANER in English 16 Feb 84 p 8

[Article by Horace Clarke, former PNP Minister of Mining and Energy, in a letter to the editor]

[Text]

On Thursday, February 2, 1984, Mr. Hugh Hart wrote in your editorial page, a statement "to clarify the Government's policy in arriving at the new price levels."

Firstly, let me state that this statement has taken an inordinately long time in coming, after the poor consumers were hit with an inexcusably exorbitantly high increase on December 30, 1983. Our country deserves much better treatment, especially when dealing with such an important economic factor as energy. *

Secondly, when attempts are being made to inform the public, the unadulterated truth must be given.

It is instructive to review some background. In 1973 the price of oil was US\$3.37 per barrel. During the ensuing year the world experienced dramatic increases of approximately 1100% taking the price to US\$35.00 per barrel, in 1979.

It took very skilled management on the part of the then Government to have kept the economy intact in the face of this world dilemma.

We not only succeeded but by October, 1980, we left a price stabilization fund of \$31m. Further there has been no increase on the world market since 1980, in fact, the price has been going down. Today it is about US\$29.00 per barrel.

Any administration would have been happy to inherit a legacy of \$31m surplus. There were also sound policy guidelines, plans and programmes bequeathed to them. What has ensured must be the worst example of mismanagement on the part of any administration.

While international oil prices continue downward, our prices in Jamaica continue upward at an unprecedented rate.

Mr. Hart gave us an illustration of the build up of the price of premium gasoline, doing his best to

make it as obscure as possible.

Premium Gas — Build up of Prices
by Hugh Hart

Pre-June price	J\$4.56
Standard devaluation Increase	J\$1.49
Subsidy for essential fuel	J1.49
Tax	.71
Trade Margin	.286
Stabilization Factor	.294
	J\$8.99

I submit the following table so that readers can compare the build up for the period, December 1980, June 1983 and December, 1983:

PREMIUM GAS — BUILD-UP COMPARISON
OF PRICE BY H. CLARKE

	Dec. '80
	June '83
	Dec. 83
	J\$
	J\$
	J\$
Ex Refinery cost	2.083
	3.350
	3.551
Govt. Tax	1.70
	1.89
	2.41
Stabilization Factor	.36
	.14
	—
Accord Diff. + Stab. Factor	—
	—
	.6633
Inter Fuel Subsidy	—
	—
	1.49

Round Island Movement	—
	.015
	.0105
Refinery Billing Price	4.143
	5.396
	8.1248
Marketing Co. Margin	.193
	.193
	.3343
Round Island Movement.	.009
	—
Haulage & Transport	.04
	.076
	.1008
Marketing Co. Price (to Dealer)	4.385
	5.665
	8.5599
Dealer's Margin	.265
	.325
	.4301
Selling Price (Poor consumer)	4.65
	5.99
	8.99

The public has never been told of how the \$31m stabilization fund was disposed of. I would like on behalf of the public to get answers to the following questions:

1. In the second paragraph of your statement you quoted that the exchange rate was J\$3.40 to US\$1.00 — Is that the rate being used in your calculations or is it higher?
2. Is it not true that the exchange rate being used is \$3.50 and not \$3.40. If it is higher, what is the excess being used for?
3. How many million dollar is anticipated from the excess?
4. Is the refinery a profitable enterprise?
5. How much is owed by the Petroleum Corporation to Bank of Jamaica (\$120 million)?
6. What is the difference between the Stabilization Factor of 29.4 cents and standard devaluation increase of \$1.56?
7. Have you truly leveled with the public?

CSO: 3298/532

REPORTAGE ON OIL, GAS PRODUCTION, RELATED ACTIVITIES

Gas Deposits Discovered

Lima LA PRENSA in Spanish 22 Jan 84 p 2

[Excerpt] According to what President Fernando Belaunde Terry said yesterday, the Shell Oil Company has found important gas deposits in the Fitzcarrald Isthmus. He pointed out that this company, which is engaged in petroleum exploration and drilling, has discovered an important gas deposit in the aforementioned area, which is also rich in petroleum, and this augurs well for the activity in question.

The Chief Executive noted that the deposit discovered in the isthmus forms part of an interconnection of similar deposits that stretches between Santa Cruz and Aguaytia as far as the continental shelf, and which constitutes an appreciable source of wealth.

Belaunde stated that BELCO [Petroleum Corporation] has also discovered gas deposits on the continental shelf off Tumbes, which gives rise to the possibility of generating electricity for the whole area. "This job will obviously have to be performed by a future administration because we will not have enough time," he added.

He also said that he does not believe a change of the petroleum law is needed to allow other oil-producing companies to operate in Peru. He noted that there could be addenda to the law in question for such a purpose, but not a change of the same.

Improvement in Refining Methods

Lima LA PRENSA in Spanish 24 Jan 84 p 3

[Text] This year, La Pampilla Refinery will boast one of the most advanced technologies in South America when it puts into operation new units of fluid catalytic cracking, vacuum distillation, gas recovery, and treatment of liquefied petroleum gas and of catalytically cracked gasoline.

All that will be complemented by an advanced system of computerized control that will make it possible to save energy and to increase the yield and the quality of the products.

La Pampilla, the refinery with the largest production capacity in the country, will also have industrial service units and, for the first time in our midst, a viscosity reduction unit.

Initially, it has been possible to produce a high-octane gasoline that does not need the addition of lead tetraethyl and which is required by certain models of imported vehicles equipped with catalytic converters.

The marketing of that gasoline, which has a minimum rating of 90 octane, has been authorized by the General Hydrocarbon Directorate and its quality has been provisionally certified by the ITINTEC [expansion unknown]. Its sale will be effected at only one outlet.

PETROPERU SA [State Petroleum Agency] has contracted the services of the U.S. firm UOP's Process Division to provide the technology and the basic design of the new refining units.

Oil Production Decrease in 1983

Lima LA PRENSA in Spanish 24 Jan 84 p 3

[Text] Commenting on the future production of "black gold" in Peru, engineer Ricardo Amiel Meza, leader of the PPC [Popular Christian Party] and an energy resources specialist, pointed out yesterday that petroleum production in our country dropped considerably last year because of weather problems in the north and the logical decline in production of operating wells.

Amiel noted that Peru produced about 71,196,862 barrels of petroleum in 1982, that is, approximately 195,061 barrels daily; and production declined to 62,464,027 barrels in 1983, that is, 171,107 barrels daily. "In other words," the Social Christian politician remarked, "petroleum production dropped by 10 million barrels, which should cause concern among the petroleum officials of the country."

He pointed out that, for example, under its ordinary operations and on service contract, PETROPERU produced a total of 26,281,333 barrels of petroleum in 1982, and only 22,144,833 barrels in 1983.

Restorative Measures

The former council candidate of the PPC noted that Occidental [Petroleum Company] contractors produced 34,862,003 barrels from Lots 1-A and 1-B in 1982, and about 31,401,620 barrels in 1983.

"Belco," he continued, "produced 10,089,526 barrels in its offshore operation in 1982, and about 8,910,574 barrels in 1983."

Amiel indicated that there are five basic kinds of contracts in use in the world: concession, participation in production, joint operation, service and risk service contracts. "In this country," he said, "all contracts incorporate or combine details of all five kinds, which makes it all the

more indispensable for the country to seriously promote a model that will make it possible to invest in the jungle basin and on the continental shelf."

The political leader recalled that the so-called Peruvian model was conceived in the early 1970's, and that it enticed 18 foreign companies which invested about \$1 billion during 1971-78, of which \$384 million consisted of a foreign exchange influx to the country, and \$616 million consisted of important material and equipment to perform the petroleum operations.

He also noted that Peruvian [petroleum] reserves were in the order of 274 million barrels in 1971, and 726 million barrels in 1978. He pointed out too that in 1977, the country imported petroleum at an approximate cost of \$600 million per day, and that in 1979, thanks to the investments made, Peru regained its exporter status and derived revenues of \$1.4 million per day.

In a different vein, Amiel remarked that Peru ranks seventh in proven reserves among Latin American countries, after Mexico, Venezuela, Argentina, Ecuador, Brazil and Colombia.

He said finally: "I believe a national debate should be started inasmuch as this is the most propitious time to address such an issue, especially by the political parties that will participate in the general elections of 1985."

Investments Needed to Tap Resources

Lima LA PRENSA in Spanish 23 Jan 84 p 4

[Text] A spokesman of PETROPERU remarked yesterday that we all know there is more petroleum than is assumed; the point is to find the deposits, but it requires a substantial investment. Commenting on the recent statements of U.S. oil magnate Armand Hammer regarding the abundance of the black gold in Peru, the official of the state agency said that, in fact, it is known there is petroleum, but incentives have to be improved in order to attract investments.

Contracts in Peru are among the costliest in the world and contain excessive difficulties and obstacles. This is an experience that foreign petroleum contractors do not face even in Communist China--they are softer over there, he commented. More foreign contractors go to explore to our neighbors to the north--Colombia and Ecuador--despite the fact that the probabilities are less.

Concurring with President Belaunde, he argued that the Peruvian petroleum law is all right, but that some modifications should be made in the regulations in order to make it more flexible and manageable. There could be a modification of certain tax aspects and of the current peremptory time limits that are very tough--for example, for drilling the initial three wells despite the difficulty, risk and costliness of transporting the material to the jungle by helicopter.

"Petroleum operations require such large investments that we are unable to support even ourselves," the PETROPERU informant said. Highly experienced companies have invested millions of dollars without finding anything. Case in point, he recalled that 17 firms have lost \$1 billion.

Flight of Technicians

We are aware that we have petroleum, but Hammer has to come to remind us, he commented. He contended that Hammer's firm, Occidental, also has difficulties in carrying out petroleum explorations, but it has exceptional technicians. The U.S. entrepreneur himself has asserted that he is "proud" of his technicians.

With regard to Peruvian technicians specialized in petroleum, he said that dozens of them are currently working abroad.

The PETROPERU spokesman also commented on the discovery of huge gas deposits in the Fitzcarrald Isthmus, which indicate the existence of plentiful petroleum in that area. That area was not attached any importance in the beginning, when the Japanese sought to invest in it some 15 years ago.

Petroleum Law Changes Urged

Lima LA PRENSA in Spanish 22 Jan 84 p 2

[Text] Politicians of various persuasions yesterday concurred on the need to seek sufficient financial means to promote exploration and drilling for our petroleum resources, in order to build up the wealth that will help the overall development of the country.

They also urged the convening of all political parties to reach a multipartisan agreement that will guarantee the possibility of modifying the current petroleum law, in order to give priority to government measures that will permit a larger participation of foreign investors.

They concurred in their statements with Occidental's president Armand Hammer in the sense that "there is much more petroleum in Peru than is known, and only the surface is being scratched at present." They were also in agreement with Energy and Mines Minister Jose Benavides Munoz, who has reiterated that "our country offers good possibilities to investors because of its great petroleum potential."

Their statements follow.

Ramon Ponce de Leon, APRA [American Revolutionary Popular Alliance] senator and member of the Energy Commission: "I believe there must be large deposits of petroleum mainly located in the Amazonia area. This means that we will have great possibilities in the future to use this national wealth in the overall development of the country.

"It is the responsibility of the current and the next administrations to study and propose the legal provisions that will allow a rational exploitation of these petroleum resources. To that end, one must start with the formulation of a petroleum policy that will take into account the convenience of promoting increased participation by foreign investors, who should also have a right to the legitimate benefit for which they risk their money in the exploration of these resources."

Jorge del Prado, senator of the United Left and secretary general of the Communist Party: "The ministers of energy and mines of the current administration have always been aware of the existence of huge quantities of petroleum resources in the country, but they have fostered the 'tale' that our reserves are about to run out.

Hammer's statements indicate the opposite.

"I think that the present petroleum law should be modified to provide facilities for foreign investors, but always being careful that they do not try to take all our petroleum wealth."

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CSO: 3348/250

DOMESTIC PETROLEUM OUTPUT TO HIT 45.8 MILLION BARRELS PER DAY

Port-of-Spain EXPRESS in English 3 Feb 84 p 14

[Text]

DOMESTIC petroleum production is projected to hit a low of 45.8 million barrels a year by 1986, according to assumptions made by the Demas Task Force.

In making a projection for a programme of action that the Government must necessarily undertake to generate a surplus on current account, the Task Force looked at the major elements of the economy over the period 1983 to 1983, in which the downward trend in oil production was cast.

The report, under the section dealing with the

size and financing of the Public Sector Investment Programme, said that oil production will decline steadily over the next three years, hitting 45.8 million barrels in 1986. It was to have ended at 58.8 million barrels in 1983, dropping to 56.3 million barrels in 1984 and 51.4 million barrels in 1985.

The Demas Report also focussed on other economic indicators in its projections for the period under review. It estimated that oil prices would rise by eight per cent in 1986, after having remained nominally stable between 1983 and 1985.

It added that the growth in the rest of the economy would be adequate to compensate partly for the decline in real output of oil. Import prices would increase by

six per cent per year and domestic prices would increase by two per cent more than import prices.

The public sector wages bill would go up by 10 per cent per year and the deficits on the public utilities would increase by eight per cent per year, the report said.

It forecast, however, that expenditure on the Developmental and Environmental Works Programme (DEWD), would be reduced by 25 per cent with effect from 1984 and the deficits on the state enterprises would also be reduced by a similar figure, also with effect from 1984.

In setting out the terms and conditions for the pattern of public investment during the period, the report, which was handed to the government towards the end of August, 1983, said

that in terms of fiscal and financial action, the first priority of the government must be to ensure that its recurrent operations can be fully met.

This, it said, included debt service. It said the international financing agencies usually required that surpluses in the current year finance a significant portion — usually not less than one third — of the planned capital expenditures for that year.

In the 1984 budget speech, Prime Minister George Chambers said a surplus of \$401 million on current account, plus \$887 million expected from new taxes and a drawdown of \$1,170 million from past savings will finance 69 per cent of the capital expenditures for the current fiscal year.

MANNING: GOVERNMENT TO INTENSIFY MARINE OIL DRILLING

Port-of-Spain TRINIDAD GUARDIAN in English 17 Feb 84 p 1

[Text]

ENERGY Minister Patrick Manning said yesterday Government was anxious to see marine exploration intensified in 1984 and that the incentives required by one company might not necessarily be the incentives required by another company.

The Minister made his comments following a visit to the Amoco Oil Company at Point Galeota.

At a Press conference later, Mr. Manning explained that there were marine oil reserves which had not been developed so far and the major objectives of the tax regime were designed to achieve development of the marine reserves.

"We are coming closer to a decision for the tax regime, he said, "and certainly expect such a decision by the end of the second quarter."

The situation referred to by Mr Manning as a tax regime dealing specifically with the Supplemental Petroleum Tax is being considered by a technical committee and the report is expected to come shortly before the Ministerial Committee.

Minister Manning said that with the reduction in oil prices there was generally a reduction in the profitability of oil companies. He pointed out that the Land Supplemental Petroleum Tax was reduced from 35 per cent to 15 per cent and other incentives were given to stimulate and encourage land recovery.

"On land we have seen the effects of these incentives.

"Trintoc's production is currently in excess of 9,000 barrels a day which represents a significant increase."

Mr Manning noted that Premier Consolidated Oilfields Limited, the smallest company, had increased its programme from three to five wells

in 1983 and was committed to expansion in 1984.

Trinidad Tesoro responded in a positive way, he said, and at Texaco where other problems existed, the company had already taken steps to reactivate two drilling rigs and one work-over well in 1984.

He said: "In the case of Amoco and Trinmar, both contributed about 75 per cent of Trinidad and Tobago's oil and the incentives required by one company may not necessarily be the same incentive required by the next.

"That is the major reason why the matter has to be carefully studied and an optimum position arrived at.

Mr Manning said that reaction from drilling companies to the government's plans were very encouraging and the companies had agreed to participate and were anxious to get involved.

CONSORTIUM TO BE USED TO SAVE OIL DRILLING COMPANIES, JOBS

Port-of-Spain TRINIDAD GUARDIAN in English 17 Feb 84 p 20

[Text] San Fernando: GOVERNMENT is moving to see to it that local drilling contracting firms get some work in the oil industry to preserve the jobs of the workers.

Minister of Energy and Natural Resources, Mr. Patrick Manning, said on Wednesday afternoon that his Ministry, recognising the financial position of some of the local oil drilling contractors, "is trying to put together a consortium and has entered into discussions with Amoco Trinidad Oil Company for such a consortium to do some exploration work on Amoco's east coast acreage."

Mr. Manning made the statement at a news conference held at Amoco's office, Point Galeota, after he held discussions of a technical nature with Amoco's management. He said the move was designed to preserve the jobs of workers and to stimulate new employment opportunities.

Speaking about the drilling companies, Mr. Manning said: "We have been talking for example, with Skinner Drilling and with Well Services, and the idea that we are toying with is putting together a consortium of drilling companies in the country which will have the effect of pooling whatever financial resources and expertise they have, so that they might be able as one operating entity, to first of all avail themselves of the fact that rigs were available at relatively low rates internationally now."

A Chance

He spoke of developing the pools to utilise as many of the domestic drilling companies as is possible and is necessary, giving each company a chance to participate, not only in the country's oil development but also ensuring that none in the country's oil development but also ensuring that none of the companies is put in a position where it might have to terminate its operations on the basis of reduced levels of activity.

"It is all designed to preserving the jobs of the workers in the industry," he stated.

On the other hand, Mr. Manning noted that Amoco was contributing significantly to the oil industry in the country.

He said last year, for example, "whereas our total average production was of the order of 159.6 thousand barrels a day, Amoco's production alone was in the order of 81.7 thousand which was more than half of it so that Amoco Trinidad contributes very significantly to the revenue position of the country."

"And in the Ministry of Energy and Natural Resources we monitor Amoco as we do monitor the production of all companies with special attention paid to Amoco, partially for that reason and also because of the fact that Amoco operates in an area off-shore the east coast of Trinidad and Tobago which is the latest oil province to have been discovered in the country."

Mr. Manning said that exploration and production was not an easy business. "It was a very expensive business and whereas in the initial stages Amoco had very high success in its exploration efforts, it has gone through a period where its exploration efforts had not been as successful as one would have liked it to be.

Name of Game

"And not for the want of trying, I may add, but partially because of the fact that that's just the name of the game. Almost at all of the obvious prospects have been identified and rilled. The company has reached the stage where exploration is becoming exceedingly difficult."

"That is just the name of the game and that is why one must understand that one cannot afford to approach the industry in the casual manner."

Mr. Manning said that all the companies that were involved in the industry knew this quite well.

CSO: 3298/538

PRICE OF GASOLINE UP 56 PERCENT OVER 1983 LEVELS

Port-of-Spain EXPRESS in English 9 Feb 84 p 3

[Text]

MOTORISTS throughout the country are now paying 56 per cent more for gas this year than they did in 1983, and four gallons of gas which cost them only \$10 last year is now costing them \$15 more.

This was revealed by Fidel Gonzales, public relations officer of the Petroleum Dealers Association, who told the EXPRESS yesterday that although the average motorist was now being judicious about his use of gasoline, he expected that price would continue to rise.

Gonzales said that contrary to previous statements made by NP that there was no drop in the sales of premium gas a recent survey done by the PDA had indi-

cated otherwise. Gonzales said that they were in a better position to judge because they dealt directly with the public.

He told the EXPRESS that the survey had indicated that actual sales through the pump as opposed to gas purchased and stored in underground tanks had declined by 10 percent. According to Gonzales the situation has deteriorated to the point where motorists who paid \$10 for four gallons of gas last year were now paying \$15 for three gallons, spending 50 per cent more for less gas.

Gonzales said that petroleum dealers were not being serviced adequately by NP with Liquid Petroleum Gas. "We are encountering heavy com-

petition with unauthorised dealers who sell this commodity at their outlets. "These unauthorised dealers are receiving a constant supply while the authorised dealers who pay for a licence to sell LPG are not receiving an adequate supply. All our overheads have increased and we are losing profits", he added.

Gonzales said that the PDA was of the opinion that authorised dealers should be given first preference. He added that the association was concerned about the decline in the industry and was seeking a meeting with Minister of Energy Patrick Manning in the hope of bringing the situation under control.

CSO: 3298/538

STATUS OF ELECTRICITY COMMISSION DEBATED IN SENATE

Port-of-Spain EXPRESS in English 8 Feb 84 p 1

[Text]

THE controversial Trinidad and Tobago Electricity Commission (T&TEC) was described in the Senate yesterday as "one of the most efficient units you can find in the entire industrial landscape of Trinidad and Tobago."

This provocative claim came from none other than the Minister in charge of the power company himself, former econometrics lecturer Senator John Eckstein, who holds the portfolio of Public Utilities and National Transportation.

Senator Eckstein, who was speaking for the Government side in the continuing debate on the establishment of an Export Development Corporation (EDC), which was due to wind up last night, backed up his assertion with the following evidence:

1. The two 25-megawatt Rolls Royce gas turbines at the Port of Spain power station, due to be completed by June this year, would provide the ultimate stand-by for the existing units and render blackouts in the city area virtually a thing of the past. The two turbines would have their own power supply from the National Petroleum complex at Sea Lots, from which a line to take jet A

liquid fuel was being run. They would thus be available in the event a main gasoline failure knocked out the primary generating facilities.

2. The three new turbines to add another 180 megawatts at Penal, at a cost of \$152.7 million, would make that station a major element in T&TEC's operation and place South Trinidad in a position of electricity self-sufficiency.

3. To cap it all off, the linking of all three power stations -- Port of Spain, Penal and Point Lisas -- in a "massive transmission network" would give the Commission the facility to transport power from one part of the country to another at will. That is also expected to be in place by June this year.

The Minister clearly indicated 1984 would be a landmark year for the troubled T&TEC, which recently extracted a substantial rate increase from the Public Utilities Commission.

He justified the introduction of electricity matters into the debate on export development by insisting the Government was "determined to provide the sort of

electricity service that will support the needs of exports and industrialisation." He readily agreed that interruptions in the power supply played havoc with production, a point made earlier in the debate by Senator Gerald Furness-Smith (Independent).

For his part, Senator Dr Brinsley Samaroo, Alliance Opposition leader, was more concerned with what he called the "morocoy pace" at which the Government was proceeding with the EDC. The bill itself suggested inevitable further delay. It contained no timetable for the appointment of the EDC board, no hint of the amount of money likely to be available for exporters and no list of potential exportable products. And the package of financial incentives for export mentioned long ago by the Minister of Finance and Planning had not yet materialised.

Echoing the recent World Bank report, the Opposition leader noted all the extensive subsidisation of inputs into industry had produced little by way of export benefit and manufactured goods represented only about two per cent of total exports.

BRIEFS

PETROLEUM TAX ADJUSTMENT--SAN FERNANDO: MR PATRIC MANNING, Minister of Energy and Natural Resources said on Wednesday that when government started to review the Supplemental Petroleum Tax (SPT) Amoco had just started a review of its entire operations. Amoco the major company operating in the marine areas, was not in a position to make all the information that was required "for us to make a decision," he added. So out of necessity government had to await the availability of additional information and completion of the exercise by Amoco. The final bits of information only became available on Christmas eve Day. A team was now working on the matter. Mr. Manning said that the matter of the SPT was a very complex one. In respect of land operations, information was much more easily available. On the question of the reduction of the SPT on marine operations, there was no stumbling block. It was a question of information collection. He said that work of a technical nature was now ongoing. "I do not expect exploratory drilling work to start before discussions that are going on now between Government and Amoco for reduction of the SPT are brought to a successful conclusion. There are reasons for that. There are costs and a number of other things. However developing drilling will proceed and at least nine wells are to be completed for 1984. He said that there was a mass of figures to be worked out to see which set of arrangements provided the best set of incentives for the companies at the least cost for the State. "In other words, which package best serves the interest of the both sides. It is not just Amoco, also Trinmar. They also operate in the marine areas." Mr. Manning said too that the adjustment of the SPT on marine operation would come as early as possible and very likely before June this year. [Text] [Port-of-Spain TRINIDAD GUARDIAN in English 17 Feb 84 p 20]

UNEXPECTED AMOCO OUTPUT--REVENUE from the oil industry in Trinidad and Tobago (taxes and royalties) dropped by \$1.76 billion from 1981 to 1983, according to Mr. Patrick Manning, Minister of Energy and Natural Resources. Speaking last Wednesday at Amoco, he said that at the moment he could not state how much revenue was collected from Amoco last year, but in a "global" context, revenue from taxes and royalties in the oil industry amounted to \$4.2 billion in 1981 and \$2.44 billion in 1983. He said that in producing at an average of 81,700 barrels per day in 1983, Amoco did more than anticipated by the company and the Ministry. He said that in October, 1982, the company embarked on what it described as operation turnaround. And it did so after it had looked carefully at its projected production levels, and recognising of course, as the company said, it saw itself not as a fly-by-night company. In operation turnaround, the company virtually started from scratch, discarding all old ideas, old

theories...to a large extent old maps, and brought together one of the largest team of engineers, geologists, geophysicists and economists ever to have been brought together by an oil company operating in Trinidad and Tobago. [Text] [Port-of-Spain TRINIDAD GUARDIAN in English 20 Feb 84 p 20]

CSO: 3298/538

CUBAN AID FOR SENDERISTS CONSIDERED 'ACCEPTABLE HYPOTHESIS'

Cuban Expansionist Policy Cited

Lima LA PRENSA in Spanish 25 Jan 84 p 2

[Excerpt] That Cuba may be encouraging the Sendero Luminoso [Shining Path] "is an acceptable hypothesis" if, among other factors, one considers "the expansionist movement of Castroism," according to a statement made yesterday by Peru's prime minister and minister of foreign relations, Dr Fernando Schwalb Lopez Aldana, in the Government Palace.

However, he explained that the government does not have conclusive proof of such involvement by Castro.

Still, even though only a hypothesis is involved, adding this to other unfriendly acts by Cuba has led the Peruvian Government not to seek the goal of early resumption of relations with the Caribbean island at the ambassadorial level, the foreign minister noted in answer to newsmen's questions.

"Don't you think Mr Minister, that Cuba is involved in Sendero Luminoso through its supply of equipment and other types of support, as the international press is speculating?" the foreign minister was asked. He replied:

"The hypothesis is acceptable. Furthermore, one would have to consider the expansionist movement of Castroism which they themselves (the Cubans) do not deny."

Fernando Schwalb noted that in the meantime Peruvian-Cuban relations will be "stabilized" but only at the charge d'affaires level and "perhaps some day" those relations will be normalized at the ambassadorial level when those factors that preclude such normalization have disappeared.

The Peruvian foreign minister added that there are two such disruptive factors: The problem of "Cuban arrivals" at the Peruvian embassy in Cuba and of whom many have not received to date safe-conducts from the Cuban Government. Then there is "Cuba's official attitude--at the time when 10,000 Cuban refugees entered the grounds of our embassy--which injured Peru's national feelings because of the verbal excesses of the Cuban Government."

In the meantime, those refugees who recently declared a hunger strike at our embassy demanding safe-conducts have already been treated at a hospital "with the cooperation of the Cuban Government" and have returned to our embassy.

Peruvian Democratic Defense Front Proposed

Lima LA PRENSA in Spanish 26 Jan 84 p 2

[Text] The Peruvian Government must take earnest measures in case it finds that Cuba or other foreign countries are undermining the sovereignty of our country by fomenting chaos and anarchy through terrorism, according to various opinions expressed yesterday by representatives of parliament, the executive, and the former constituent assembly.

They also suggested that the most appropriate measure is the establishment of a Democratic Defense Front whose purpose is to protect the effectiveness of legality and to check the stepped-up terrorism afflicting our country.

These authorities also requested an exhaustive investigation at all university centers to detect subversive infiltration and noted that the communist mayor "does not know where it is occurring, or if he knows his versions reflect subversive motives," as an interviewee noted.

Support to the Foreign Minister

The president of the Chamber of Deputies, Dagoberto Lainez Vodanovic, said that the foreign minister must have his reasons to sustain the possibility that Cuba is involved in terrorism in Peru.

"If this is proven it is necessary to take earnest measures because no one can be allowed to create chaos in our country. All of us Peruvians must rally around him," he added.

After rejecting the acts of violence which occurred in Lima, Lainez Vodanovic said that the establishment of a Democratic Defense Front is necessary "so as to protect legality, fight terrorism, and restore morale in our country."

Concerted Action

The chairman of the Chamber of Deputies' Internal Defense and Order Committee, Oscar Olivares Montano, after supporting the thesis that the foreign minister must have grounds to note that Cuba is fomenting chaos in Peru, said that the subversive acts represent concerted action by professional agitators which is aimed at impeding national production.

"The democratic regime," he noted, "must defend itself against any undermining of private property, public property, and especially against everything that threatens freedom of expression. All such action is aimed at weakening democracy, which the people have reinstated after so much effort," he noted.

Olivares Montano added that for that reason it is necessary that the democrats close ranks to protect the strength of the democratic system in Peru. He did not wish to express an opinion regarding the threat made by the mayor of Cuzco to seize a plane, "because his statements are so brainless as to be unworthy of comment."

Isis Negreiros of PAP [Aprista Party of Peru] said that every measure that tends to uphold Peru's sovereignty and especially against terrorism has the support of all Peruvians.

2662

CSO: 3348/253

BRIEFS

MEXICAN DONATION TO SALVADORAN GUERRILLAS--Toluca, Mexico, 2 Dec--The Toluca branch of the Independent Mexican Committee of Solidarity with the Salvadoran People has presented members of the Farabundo Marti Front with a check for more than 100,000 pesos in a show of common cause. The money came from the sale of artwork donated by 25 artists who identify with the Central American country's cause. The presentation ceremony was held in the Karl Marx Auditorium at the Economics Department of the Autonomous University of the State of Mexico. Among the painters who donated their work were Leopoldo Flores, Edmundo Calderon, Jose Maria Morelos Arciniega, Jose Rosales Bruno, Francisco Mejia, Ricardo Gomez, Rodolfo Mendieta, Alfonso Virchez, Mario Orozco, Juan Manuel Ramirez, Juan Olguin Mejia, Elena Ortega, Jose Cruz Garcia, Jorge Monroy and Bernardo Campos. Another work that artist Leopoldo Flores donated for the same purpose and that is valued at more than 100,000 pesos, has not yet been sold. [Text] [Mexico City EL DIA in Spanish 3 Dec 83 'Metropoli' Supplement p 5] 8743

CSO: 3248/394

INCREASE IN TERRORIST ACTIVITIES IN 1983 REVIEWED

Santiago ERCILLA in Spanish 4 Jan 84 pp 10-11

[Text] The distribution of documents was part of Corporal Francisco Perez Brito's routine work. That day, Tuesday, 27 December, he left the 21st Precinct, where he lived, at dawn and headed for the Western District to carry out his task. When he was just two blocks from his destination, he was intercepted by three young individuals who, in a matter of seconds, took away his revolver and shot him in the back with it at point blank range, and left him dying in the middle of the public roadway.

It was 6:55 a.m. and the local inhabitants were barely awake. A young woman on her way to work was the first to reach the spot. "He was bleeding...I went to tell my father, we wanted to stop the hemorrhaging, we didn't move him. He was conscious; he asked for help and kept saying to call his mother, who lived in the south. We had heard three or four shots, but at first we thought they were firecrackers. We called an ambulance, but it took a long time."

A few meters away, like a mute witness to the event, a red handkerchief with the letter "R" printed on it lay on the side of a ditch. It was identical to the ones used earlier by extremists in the so-called "Resistance."

Twenty-four hours later, Francisco Perez Brito, 23 years old, a bachelor from Peralillo, who had served in the military guards for barely a year and a half, ceased to exist. Six bullet wounds in the back, pancreas, lung, diaphragm and arm were fatal.

This was not the only bad news on Wednesday, 28 December. On the same day, with only a few hours difference, Staff Sergeant Manuel Valenzuela Loyola died in the military hospital. He was also shot by extremists on Friday, 23 December, at the intersection of Herrera and Santo Domingo streets.

But the day did not end there. Between 8:40 p.m. and 12:15 a.m. there were ten attacks in various part of the country. Most of them were against high tension power poles in Concepcion, Talcahuano, Valparaiso, San Fernando and Santiago, and they temporarily cut off the supply of electricity to various regions.

It was one more upsurge of terrorism, which in 1983 broke out again with particular force, leaving behind tragic results: 8 military guards dead, 3 members of the armed forces murdered, among them General Carol Urzua, the quartermaster general of Santiago; 47 members of the armed forces and security forces wounded. There were many more wounded as a result of the increased terrorist activities, in which statistics show explosives to be the means most often used by the extremists (214 more attacks than in 1982).

Not only the authorities, but also the entire population has repudiated the terrorist activities unleashed in 1983. With concern, the Chileans have seen that terrorism intends to embed itself in society with increasingly complex activities. It is no longer a matter of isolated events, but of a chain of events at a different level that aims to create chaos through violence throughout the country.

Evolution

It is a fact that terrorism worsened notably in our country in 1983. There are several variables that converged to provoke this situation. The first of these is a process that began to develop in 1978 with Operation Return.

After being trained in international terrorist training centers (Cuba, North Yemen, Libya and Algeria), a significant number of extremists began to enter the country clandestinely. There are two main access routes: the traditional air route, with direct entry at the international airport and the second route, by way of numerous different border passes along the length of Chile.

Entering the country was not difficult for them because before traveling to Chile, they go to Paris. That is the location of Chilean terrorism's center for documentation, which not only provides them with passports and false documents, but also trains them in the false identity they must assume.

Beginning in 1978 Operation Return slowly started to have the desired results: the entry of extremists into the country. Its recomposition as a cellular nucleus did not take long, and in a short time it began to act, concentrating on bank robberies in order to obtain money, publicity and weapons.

The MIR [Movement of the Revolutionary Left] led this buildup at the beginning, but at the same time, it began to suffer significant casualties among its leaders. In the last few years they have been disorganized and without leaders precipitous in their activities, which could best be described as "anarchic."

Although the MIR was always involved, it was accompanied by the Communist Party, which was organized almost militarily and received support from abroad. It began a new strategy to sow total chaos. With the assistance of the radicalized sectors of the Chilean Left, they began to develop a plan which attempted, in 1983, to cause trouble on several fronts during the 10th anniversary of the government.

Instructions and Organization

The first front was high level terrorism, in which sabotage (destruction of high tension power poles, bombing of railways, bridges, aqueducts) and selective attacks on individuals (high ranking individuals chosen for subsequent coldblooded assassination) was their front line of action.

The second variable in their planning centered on the use of the masses to promote chaos on a broader scale.

Coordinating their action by means of various media, including radio Moscow, the string of assaults began during the first months of 1983. Using these media, Luis Corvalan himself stated that the forces of the Communist Party had to struggle against the government exclusively through violence. Simultaneously, and taking advantage of economic discontent, the upsurge of violence also began in the towns. Here, through periods of protest, actions were begun, including collection of "contributions," land takeovers, the burning of buses and businesses, among other things.

After the assassination of the quartermaster general of Santiago, General Carol Urzua, on 30 August, the terrorist organization suffered a devastating blow. With the dismantling of its command, which was highly trained and had proven itself in its preparation abroad, it was possible to verify its "modus operandi," plans, connections and also the direct origin of its instructions.

They are organized in small cells. Depending on the operation to be carried out, the number of members increases. More than twenty people were involved in the assassination of Carol Urzua, each of them with a specific, well studied and well prepared mission. At the moment of action, the task is divided between two groups, one "operative" and one for "support." They are not known to each other and the support group does not always know what the others are doing.

There was a clear example of this division of labor in their recent assault on Bata. The support group began its work by putting up barriers on the public road, while the "operatives" went inside and later invited the masses to loot the place.

The objective, in addition to creating chaos, is obviously to gain domestic and international publicity. It is in their interest for the image of Chile abroad to be one of confusion. They must answer to their supporters and masterminds so that their financing will not dry up.

In their actions, they use different names in order to cause confusion and give the impression that there are many of them. Accordingly, they sometimes attribute their actions to the MIR, sometimes to the Communist Party, or sometimes to the "Resistance," "Zero Front," or the "Lautaro Young Peoples Front," among others.

The Common Citizen

The events of December have a special meaning. The series of assaults on the high tension power poles would seem to indicate that, to the two fronts of action mentioned above (sabotage, selective assassinations and manipulation of the masses), an intermediate front has not been added: the common citizen. The long blackouts, with all of their consequences, directly affect a large part of the country, and the terrorists thus gain even greater publicity.

This kind of concrete action would seem to demonstrate objectively that the activities of terrorism in Chile have links and similarities to Latin American terrorism. Specifically, the "Shining Path" left the city of Lima and its surroundings completely in the dark on New Year's Eve.

At the other level of action in December, the murders of military guards seem to demonstrate new objectives. They are, first, to wear down the armed forces and even their families physically and psychologically, to obtain weapons and, once again, to transmit abroad an image of internal chaos.

The antiterrorist struggle is not an easy one. Nor is it the task of only a few. It involves the most important countries of the West and there is true political unity among them in this respect.

The position of the Chilean government was summarized in the words of President Pinochet at the end of the year. He said, "This year we have had to mourn many material losses, and what is worse, the loss of human lives, all caused by these irresponsible ambitions." He added, "I take this opportunity to render my heartfelt homage to all those who have fallen in the defense of order and peace; to all those who, precisely because they fought against outrages and aggression and protected the citizens, are attacked with insane hatred and treacherously murdered. Not once have those who call themselves defenders of human rights raised their voices to defend these victims."

In conclusion, he said, "I have faith that sanity will prevail and I hope that we will not have to continue to mourn new sacrifices of innocent beings who become victims of terrorism."

12351

CSO: 3348/254

BRIEFS

LEFTIST COALITION FORMED--Today, Wednesday, at the Registration Office the name of the Comando de Frente Democratico [Democratic Front Command] will be entered. This group represents the coalition of the leftist sectors which will participate in the midterm elections. The command is made up of representatives from the Communist Party of Colombia, the Labor Party, the Camilo Torres block, the Socialist Revolutionary Party, the Socialist Workers Party, and the Trotskyite Posadista Workers Party. The group made known its electoral accord which includes the major objectives of the coalition. Among them are the following changes in the political, economic and social structures: the break-up of MAS [Death to Kidnappers], the backing of the position favoring dialogue with the guerrilla groups, the popular election of mayors and governors, unification of the labor movements, an increase in salaries and wages, full political rights for teachers, solidarity with Nicaragua, El Salvador, Grenada and Cuba. The electoral platform for Bogota and Cundinamarca includes: a solution to the housing problem, a freeze on rate increases for public utilities, municipal access to and improvement of transportation, a tax statute providing for differential rates for real estate tax and valuation, the electrification of Cundinamarca, the defense of public education, the construction of cultural centers and sports camps, improvement in and construction of hospitals, a solution to the sanitation problem, subsidies for the unemployed, a provision for a government service career, and a morally responsible administration. [Text] [Bogota EL TIEMPO in Spanish 1 Feb 84 p 6-A]

CSO: 3348/293

REPORT ON CONSTRUCTION WORK IN NORTHEAST LIBYA

Havana BOHEMIA in Spanish No 2, 13 Jan 84 pp 60-63

[Article by special correspondent Frank Hechavarria]

[Text] The wide, modern 1,511-kilometer highway from Tripoli, the capital of Libya, and Tobruk considerably shortens the traveling time between the two cities. In any event, it is an almost 20-hour drive in a powerful car.

This is how this BOHEMIA reporter visited the site of the largest contingent of Cuban internationalist construction workers in Libya. I and my comrades, architects Idalberto Matamoros and Francisco Barreras and our driver Roberto Diaz, left for Tobruk one cold morning.

The broad thoroughfare skirting the entire Gulf of Sidra cuts through the deserts of northern Libya. One after another, the vast plains make for an interesting landscape, broken only by a few construction sites or small villages that blend into the arid land because all of the houses are painted a sandy cream color. The only contrast is a bright green on doors and windows; this green is the color of the revolution and is symbolic of the Socialist People's Libyan Arab Jamahiriya.

Our first stop was for lunch. We pulled over at an abandoned building that served as a barracks for Italian Army troops during the colonial occupation of Libya. It is 500 kilometers from Tripoli between the cities of Bughren and Brega.

Roberto our driver took a small gas stove and a thermos containing the semiprepared food out of the car trunk. Matamoros was our chef. The menu: beefsteak, fried sweet potatoes, tomato salad and, of course, soft drinks.

Our lunch table was a huge truck tire in the yard of the old Italian barracks.

From this point on, the weather became unpleasant and the sky clouded up. A persistent rain was to accompany us the rest of the way to

Benghazy, where we decided to spend the night. When we arrived in this both ancient and modern Libyan city at 6 in the evening, it was already completely dark; at this time of year, night falls at 5 pm in Libya. The city had been flooded by the downpour about 3 hours before, as torrents of water rushed down from the more elevated spots, covering the streets and causing enormous tie-ups on the roads.

UNECA [Union of Caribbean Construction Enterprises] trailer-truck drivers bringing materials from Tripoli to Tobruk stop midway at Benghazy to spend the night. It is also where the comrades on short missions with the contingent board planes to return to the capital. In other words, it is a sort of "posthouse." We were splendidly attended to there by comrades Luis Parrado and Orlando Lopez, who do the work of innkeepers, guides and factotums.

We spent the following morning taking a short tour of Libya's ancient capital and one of its main ports. This spot on the Mediterranean was one of the gateways to Africa, and large caravans of dromedaries left from this city to cross the Sahara in various directions. Today this desert is crossed by modern highways, and the peasants raise camels for their meat, milk and hides, as under an innovative program the Libyan Government furnishes them with a home, a barn and a pickup truck to expand the farm economy in this area.

Shortly thereafter, we ascended to the high tablelands of Libya's so-called "green belt," one of the most fertile regions in the country and its main source of food. Descending from this highland region, we came upon the city of Derna, a very beautiful spot right on the Mediterranean. The next stop was Baida, where "Solitario" lives. For a little over a year now this Cuban has been working in a canned foods plant in the town, which is a must stopover point for building materials transports along the Benghazy-Tobruk highway. Unfortunately, Comrade Rolando Duany was not at home at the time, and it was not until my return to Tripoli that I met him.

We arrived in Tobruk at around 8 in the evening, and a few minutes later I was with Comrades Alberto Amaran Gomez, the head of the contingent; architect Jose Garcia, the technical chief; Ibrahim Frometa, the secretary of the party bureau; Reinaldo Santana, the union secretary, and Roberto Montane, the youth leader.

The Tobruk Group

At my meeting with the comrades who head up the construction workers camp, I learned that UNECA has three major contracts in the region. One is for the construction of 1,042 housing units at 6 building sites: Tobruk, Al Jaghbud, Al-Burdia, El Bir-Al-Shap, Al-Gardaba and Al-Gaara.

Another contract is for the construction of five 20-classroom schools in Tobruk. The third contract involves a telephone exchange and a post office.

Most of the work that the contingent was engaged in at the time of this article was in the city of Tobruk: 482 housing units in sixty-five 4-story buildings made of concrete mixed "on the spot," and the completion of the telephone exchange and post office.

The work had almost been completed at the rest of the projects, in Al-Gardaba, Bir-Al-Shap and Al-Gaara, as only minor upkeep remained to be done; in fact, most of the homes were already occupied. Meanwhile, only the final touches remained to be applied at the sites in Al-Jaghbud (300 units) and Al-Burdia (200 units).

There are currently 902 workers in the Tobruk group, 41 of them women. The average age is 36. The construction personnel also includes English and Arabic translators.

The camp area is 400 by 200 meters and can house some 1,000 men. There are 22 magnificently kept dormitories, as well as a kitchen-mess hall, a social club, a theater, a barbershop, a polyclinic, an infirmary and a classroom. We also visited the industrial production centers: the block factory, the plant that makes steel for the concrete forms, the plant that makes metal items for the housing units (railings, balconies, staircases, etc), the carpentry shop (which has excellent facilities and a 50,000-square meter a year output capacity), as well as a "hachimplan," a batcher, the equipment maintenance and repair shops, the vehicle maintenance shop, the complementary equipment shop and, lastly, the warehouses.

Fifteen housing units have also been built within the perimeter of the camp for married couples and some executive personnel, who normally spend at least 3 years in Libya. Some comrades have been there longer. This section also includes the recreation areas, such as the basketball, volleyball and jai-alai courts. The administrative and executive offices are also located within this complex.

A Different Sort of Sunday

Our construction workers have adapted to customs different from ours in the Arab countries. Comrade Amaran, the director of the contingent, explains:

"All of our workers are organized in crews and brigades and they all put in a 10-hour day. Next Sunday, in fact, we will begin working at 5:30 in the morning..."

"You work on Sundays too?" I interrupted.

"Yes. Here in Libya, Sunday is the first workday of the week. I'll explain to you why in a minute. We'll work until 4:30, with an hour out for lunch, because the sun rises at 4:30 in the morning in this region and it gets dark very early; it's night by 5 o'clock.

"Now then, as I was saying to you about the days of the week," the director of the Tobruk camp continued. "In accordance with Arab custom, the Libyans stop working at noon on Thursday and begin work on Saturday. In other words, they have a half day off on Thursday and all day Friday, and their first workday of the week is Saturday, instead of Monday like in Cuba. But to work in accordance with this timetable, we rest on Friday, not on Thursday like them, and start working on Sunday instead of Saturday as they do. Our comrades have that day off and can engage in various activities."

The Tobruk Construction Projects

When a person says buildings and housing units in Cuba, everyone knows what he is talking about. In Libya, however, things are different, as Jose Garcia, the technical chief, explained to us:

"First of all, none of the projects that we are putting up in Tobruk were designed in Cuba; they are Libyan products. What we do is build them, supply the manpower."

The architecture of the buildings is quite modern, such as one might find anywhere in the world. Inside both the buildings and the one- and two-story homes, however, the situation is different. As in most Arab countries, they are built behind a 2.5-meter high wall of either concrete blocks or rubblework. There seem to be two reasons for this: one has to do with ancient Islamic customs, and the other is to protect the homes from sandstorms, which are very frequent in this country. These walls offer good protection when the simooms whip up huge clouds of dust and sand.

"Although outwardly they look quite modern, inside these homes have features that belong very much to the Arab world. First of all, they are very ample, with at least two bedrooms. They also all have a reception room with its own bath. Behind this sort of anteroom comes the family's real home, which has a living room-dining room or both, two or three bedrooms, a very big kitchen, a small interior porch (in the case of two-story homes, a terrace on the second floor) and a parking area, everything behind the wall though."

Garcia explained that all of the homes have double carpentry work to protect them from the extremely bright light of the desert, the high winds and the cold. Windows are thus protected when a storm or a simoom kicks up.

"As far as the apartment buildings are concerned," the architect explained, "they have four stories and are completely different from the ones we build in microbrigades in Cuba, inasmuch as there is no prefabrication here. It is one single structure of columns, beams and layers of wood. The only difference between the apartments and the houses is that the apartments are attached or separated only by the well shaft of the stairs. Inside, the apartments look just like any other Libyan home.

"There are two models of apartment buildings," he added. "One has seven apartments, as the bottom floor has a roofed parking area; the other has eight apartments, without a parking area. Of the 65 buildings, 4 have 6 apartments, with the entire ground floor used for parking and shops."

Garcia had a great deal to say about the schools that they had built, adding that some of them were already in use. Five schools were built in all, and although they were designed as secondary schools, some are being used as primary education centers. They all have 20 classrooms, 3 laboratories, a theater, library, auxiliary buildings, kitchen, dining area, athletic fields, playgrounds and health care services and can handle about 1,000 students each; they are all located inside the city of Tobruk.

The four-story schools are made of reinforced concrete and cover a roofed area of some 900 square meters. The total area of the school grounds, counting other nearby facilities, is more than 25,000 square meters.

The telephone exchange and the post office are together next to the radio equipment building. All of these are two-story buildings. The telephone exchange has already been completed and handed over to the Libyans. It is now up to the enterprise that will be installing the technological equipment to continue with the work. Work on the post office is in its final stage, as is the case with the radio equipment building.

The Life of an Internationalist Worker

Comrade Frometa, the party secretary of the Tobruk group, tells us about the life and work of an internationalist builder in Libya.

"I will begin by saying that starting in 1980, on the eve of preparations for the Second Party Congress, our political institution in this country issued the rallying cry "Internationalist Production and Conduct" to all of our workers who were here at the time. This has been and is the rallying cry of each group of our construction workers, of management, of the union, of the Union of Young Communists and of the party in pushing ahead with our various projects.

"It has thus been the concern of the party and of other political and mass organizations to provide the men with the minimum necessary conditions to withstand life in a place with a climate and with customs different from ours and far from their families. As our workers made headway with the construction plans, living conditions at the camps also improved..."

I learned from the party secretary in Tobruk that in 1980, for example, the site of today's camp had 24 zinc and aluminum dormitories without any heating or air conditioning. This meant that they became enormously hot during the day and turned into iceboxes at night. The huge numbers of men who initially arrived in Libya had to live under those conditions. In fact, one of their first tasks was to improve their living conditions, and they thus began work on the dormitories that house the contingent today. Each room has heating and air conditioning, and this goes for each and every one of the group's camps, not just the main camp in Tobruk.

Concurrently, they put up other buildings that are part of the internationalist workers' social life, such as the mess halls, the athletic and recreational areas, etc. With volunteer work they also built an auditorium-theater that they called "24 February" and in which video cassettes are shown. This theater has seating for 650 persons and can accomodate some 350 more standing. It is also used for political and cultural activities and for production assemblies.

"We even have amateur groups today that have formed combos and put on plays," the party secretary mentioned. "The workers also keep in touch with their families by letter; on the average we receive one mailbag a week. Also, our 'base radio' broadcasts news about Cuba and other information of interest, as well as music. As you have noticed, every day our personnel get the latest information on how the underhanded Yankee invasion of Grenada is going and how our construction worker brothers are doing in their direct confrontation with the Marines.

"In other words, all told there is an enormous difference between the life of construction workers during the first few years in Libya and the life we see in the camps today."

PHOTO CAPTIONS

1. p 60. General view of one of the five secondary schools built in Tobruk.
2. p 60. The apartment buildings are put together "on site"; no prefabricated elements are used.
3. p 62. The metal structures and casting shop.

4. p 62. The construction workers arriving at the camp after a 10-hour workday.
5. p 63. The Cuban workers build three types of apartment buildings.
6. p 63. The post office building.
7. p 63. Note the protection that classroom windows need against the intense sunlight in these regions.

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CSO: 3248/422

AUDITOR GENERAL FINDS FAULT WITH 1982-83 NATIONAL ACCOUNTS

Report's Major Findings

Kingston THE DAILY GLEANER in English 15 Feb 84 pp 1, 3

[Text]

SERIOUS DELAY IN the submission of Appropriation Accounts and chronic arrears in the maintenance of accounting records and submission of monthly financial statements are among major findings made by the Auditor-General in his report on the island's national accounts for the financial year 1982-83.

Laid on the Table of the House of Representatives last Tuesday, the report which was sent by Mr. A. P. Strachan, the Auditor-General, to the Speaker, the Hon. Alva Ross, lists nine areas of "major concern" which affected most Ministries and Government Departments whose accounts were examined.

These areas, in addition to the first two already referred to, are: inadequate internal controls; non-response to audit queries; frauds and irregularities; "deferred financing" of projects; cash management problems; unsatisfactory administration of several foreign-assisted projects; unauthorised expenditure.

Some of these problem areas, the reports comments, have been mentioned repeatedly over the years "with little or no evidence seen of serious attempts to correct them".

Under the first heading — serious delay in the submission of Appropriation Accounts — the report records that Accounting Officers have a duty to submit to the Minister of Finance and to the Auditor-General by July 31, after the close of each financial year, Appropriation Accounts showing how the funds provided by Parliament for the year were spent.

"For many years now this requirement has been honoured more in the breach," the report says. "In fact, in recent years, only the accounts of the Audit Department were presented within the statutory deadline.... The

general situation remained in a high unsatisfactory state.

"The present state of arrears in the submission of Appropriation Account represents a serious breakdown in our system of public accountability. Parliament is not able to satisfy itself on a fairly current basis that financial operations in Ministries and Departments have conformed with its wishes...."

On the matter of accounting arrears, the report records a continuance in many Ministries and Department in the writing up of accounting records and the submission of monthly financial statements.

Comments the report: "The general state of accounting arrears....has resulted in a number of unsatisfactory developments. The formal accounting systems and records are often not being used to provide information needed for international management decisions, and by the Ministry of Finance and other external agencies.

"Instead, duplicated informal accounting systems have been created which increase work-loads and produce data of questionable reliability. In some instance, irregularities are facilitated and concealed by the arrears, while controls over the collection of Government revenues are rendered ineffective".

Inadequate internal controls are also adversely commented on. In many Ministries and Departments, the report notes, the systems of internal control were either inadequate in principle or not being applied in practice. The main areas of

weakness concerned improper control over motor vehicles, furniture, equipment and stores; loose control over the custody of cash, cheque leaves and official receipt books.

This represents "a most unsatisfactory state of affairs," the Auditor-General comments, the answers to which, in his view, require a combination of:

(a) greater efforts on the part of Accounting Officers to institute adequate internal control systems;

(b) a strengthening of the Auditor-General's staff;

(c) Accounting Officers need to ensure that better guidance and supervision is provided to junior staff;

(d) instituting a more precise and effective system of sanctions against officers found guilty of improper or negligent conduct in the performance of their official duties.

Mr. Strachan said he had made proposals to the Government with regard to more staff for his Department, and he himself is serving on

a committee which will be making recommendations as to steps which may be taken to amend the Financial Administration and Audit Act to take care of the other needs.

Similar adverse comments are made with respect to nonresponse to audit queries ("unfortunately most of these have been treated with scant respect and many have remained unanswered for years"), and deferred financing — "a new method for funding certain public sector projects" which has been developed in Government over the past four to five years.

"Deferred Financing", the report notes, usually involves the implementation of certain works by a contractor for Government under an arrangement whereby a financial institution pays the contractor for the work done, on the understanding that the financial institution will be repaid, with interest, by Government over some agreed future period of time (usually two to five years).

Criticising this practice because of certain weaknesses and lack of control, the report comments

that unless proper control is instituted over the creation of these types of commitments, "the Government runs the risk of losing track of these obligations and being caught off-guard in future years when creditors make demands for repayments for which no Budgetary provision has been made."

Two other areas on which adverse findings are made are with respect to fraud and other irregularities, and unauthorised expenditure.

"The high incidence of fraud and other irregularities disclosed by my audits continued to be a matter of growing concern," Mr. Strachan wrote. These related mainly to the misappropriation of cash, theft and forging of cheques, and improper payments. Most of the irregularities

were facilitated by poor internal control and arrears in the accounting records.

Of unauthorised expenditure there is "a growing incidence." Several Ministries incurred expenditure, mainly for the purchase of motor vehicles, furniture and equipment, without the necessary budgetary provision or approval from the Ministry of Finance.

"Given the stringent cash-flow situation of Government, those transactions were often to the detriment of approved services, and reflected apparent disregard for established expenditure control procedures," the Auditor General said.

"I have recommended to the Financial Secretary the steps which I believe should be taken to provide a deterrent against future breaches and to deal with offenders".

Extracts From Report

Kingston THE DAILY GLEANER in English 14-17 Feb 83 p 1

[Editorial Report] Kingston THE DAILY GLEANER from 14 through 17 February 1983, on page 1, carries boxed extracts from the auditor general's 1983 report. The texts of these extracts follow, in order of publication:

(Extract 1)

Major Findings

The audit, disclosed the undermentioned areas of major concern which affected some ministries and departments. Some of these have been mentioned repeatedly over the years with little or no evidence seen of serious attempts to correct them.

- (i) Serious delay in the submission of appropriation accounts;
- (ii) chronic arrears in the maintenance of accounting records and submission of monthly financial statements;
- (iii) inadequate internal controls;
- (iv) non-response to audit queries;
- (v) frauds and irregularities;
- (vi) "Deferred Financing" of projects,
- (vii) cash management problems;
- (viii) unsatisfactory administration of several foreign assisted projects;
- (ix) unauthorised expenditure.

Extract (2)

Serious Breakdown in Public Accountability

The Financial Administration and Audit Act requires Accounting Officers to submit to the Minister of Finance and the Auditor General by the 31st July after the close of each financial year, appropriation accounts showing how the funds provided by Parliament for the year were spent. For many years now this requirement has been honoured more in the breach.

The general situation remained in a highly unsatisfactory state. As at 28th December, 1983, of 85 appropriation accounts which should have been submitted for 1982/83 only 13 had been received. At that date 74 accounts for 1981/82, 51 for 1980/81 and 15 for 1979/80, also remained outstanding.

The present state of arrears in the submission of appropriation accounts represents a serious breakdown in our system of public accountability. Parliament is not able to satisfy itself on a fairly current basis that financial operations in ministries and departments have conformed with its wishes.

(Extract 30)

Queries Unanswered for Years

From time to time audit queries, inspection reports and other memoranda are sent to Accounting Officers pointing out errors, weaknesses and irregularities disclosed by the audits and making recommendations as to the corrective measures which should be taken

Unfortunately most of these have been treated with scant respect and many have remained unanswered for years.

(Extract 4)

Parliament Not Informed of Government Expenditure

Over the past four to five years there has developed in Government a new method for funding certain public sector projects called "Deferred Financing." This usually involves the implementation of certain works by a contractor for Government under an arrangement whereby a financial institution pays the contractor for the work done on the understanding that the financial institution will be repaid, with interest, by Government over some agreed future period of time (usually two to five years).

Under present practice the cost of work so undertaken for Government is not reflected as expenditure in the government's accounting records until payment is made to the financial institution. At the same time the existence of Government's obligation to pay those amounts is not reflected in the Public Debt registers kept by the Accountant General's Department.

Another basic weakness is that Parliament is not kept informed of the existence of those arrangements and the liability of Government to repay the substantial sums involved. My enquiries also disclosed that in some instances there was no evidence that the prior approval of the Cabinet or the Minister of Finance had been given.

My offices were told that in a number of cases the first time the Ministry of Finance knew of the arrangements was when the financial institutions involved wrote seeking repayment of credit provided. The Ministry of Finance was unable to inform me of the total extent to which Government is committed to repaying credit provided under the "deferred financing" basis. Seven cases examined in July, 1983, showed outstanding commitments totalling \$37,507,406.20.

Call for Investigation

Kingston THE DAILY GLEANER in English 16 Feb 84 p 8

[Text]

There continues to be little interest within successive administrations to improve the level of public accountability. The 1983 report of the Auditor General is a catalogue of arrears in the submission of accounts, incompetently low levels of internal control within Government establishments, incidences of fraud and apparent total indifference on behalf of most ministries to the need to account for public funds within their care.

Contracts are awarded without going to tender. Cost overruns occur because of improper supervision. There is an example of a bank account not having been reconciled for fourteen years. Millions of dollars are pumped into housing schemes but no sub-contracts and payment certificates produced for audit. Public debt records are kept in improper order resulting in one case with an overpayment on a Venezuelan loan of more than 500,000 bolivars.

The KSAC has submitted no accounts since 1976/77. The Social Development Commission and the Christiana Area Land Authority have submitted no accounts since 1969/70. The Ministry of Finance itself spent more than \$20 million more

than that approved by Parliament in both the 1974/75 and 1975/76 fiscal years.

With few exceptions the Auditor General's report indicates that millions and millions of dollars are going to waste and being put to improper use within the public sector.

Such criticisms by the Auditor General of public accounting are not new. On February 7, 1978 the then Minister of Finance, Mr. David Coore, told Parliament that remedial action was being taken to improve accounting procedures in government ministries. This followed Cabinet study of the Auditor-General's report for 1975-76. Mr. Coore told the House in a formal statement that the Auditor General had been making the same kind of criticism of the deficiencies in public accounting practices for some 15 years.

It is time that something was done to bring this outrage to a halt. The public should not be asked to pay more taxes until the Government puts its house in order. A major public investigation should be launched at once to stop the corruption and incompetence which seem so endemic to the public sector.

CSO: 3298/533

ECONOMIC SITUATION ASSESSED FROM VARIETY OF PERSPECTIVES

New Investment Projects

Kingston THE DAILY GLEANER in English 11 Feb 84 pp 1, 3

[Text] NINETEEN NEW INVESTMENT projects have been launched by the Jamaica National Investment Promotion Limited (JNIP) since the beginning of the year, Prime Minister Edward Seaga told a press briefing on national investment performance at the Jamaica Pegasus Hotel yesterday.

Mr. Seaga said that at the end of December last year 202 such projects had been launched, and at the end of January the number had grown to 221, which meant that 19 new projects were launched since the beginning of the year. He said that the total investment in the 221 projects was (J)\$330.95 million, employing 6,705 persons.

The briefing featured a video programme on some of the implemented projects which include horticulture, fish and shrimp rearing, chewing-gum and plastic products production; as well as the signing of a joint-venture agreement between representatives of the Taylor/Cross Group, the Jamaica National Investment Company (JNIC) and the Jamaica Commodity Trading Company Limited for the establishment of a rice-milling facility in the Montego Freeport area capable of producing 40,000 tons of rice.

Mr. Seaga said that most of the rice would be grown in the western end of the island and very substantial additional acreage would be required for growing more rice. He said that the search was on through Agro 21 to find an additional 20,000 acres for the purpose.

As of now, there were JNIP projects in every parish, he said. Agro-business and manufacturing were the main performers, covering some 45% of the total capital investment, while Tourism and Construction had about 16% of the total.

Talking about the ownership situation, Mr. Seaga said that Jamaican participation in the investment programme has been high since the programme has been launched, and that at any time over the past three years more than 50% of the implemented projects have been Jamaican-owned.

In fact, he said, 134 of the implemented projects were Jamaican-owned, 37 were United States-owned, 16 were Jamaica/U.S. joint ventures, seven were Canadian, and two each were from the United Kingdom and Japan.

Mr. Seaga said that 57% of the projects were located outside of the Corporate Area and there were projects in every parish, thus the tendency for investments to gravitate principally around the urban areas was defeated, and this was because a large number of the investments were agricultural.

He said that the programme was moving into a period in which bigger projects were beginning to come on stream.

A Swiss-based company had submitted to the JNIP a proposal for a

development which has been offered to the JNIC, with whom the company has agreed to develop ten projects in agro-industry with a total value of \$30 million. Financing should be in place by June 1, for implementation in January next year.

A proposal had been put forward to establish an electronics zone which would house several electronic companies and that proposal had already begun to attract attention from other electronics companies in the U.S. in particular, which were seeking to establish off-shore operations. The intention was to set up an electronics estate where electronics industries could all be located.

Mr. Seaga said that Medical Electrographics had come to Jamaica as a result of a visit he paid to San Francisco in January, and subsequently a joint-venture agreement had been reached with Grace Kennedy Limited to manufacture electronic components for health-care equipment. The company proposed to provide equipment valued at \$300,000 and to commence with an initial order of U.S.\$2 million for export.

Tyler Craft was a joint venture in boat rental which involved Wherry Wharf Limited, and the final signing of documents would take place shortly. The company was also interested in establishing a yacht-rental operation in addition to boat-renting facilities.

Two of the largest manufacturing firms in Hong Kong were planning to establish manufacturing facilities in the Kingston Free-zone.

Mr. Seaga said that, in addition to those already implemented, there was a back-up of more than 300 more proposals in the pipe-line at various stages of implementation.

Talking about the JNIP strategy, he said that in the beginning there was no need for strategy, only processing, as investors were "walking through the door" at a pace which the organization could not keep up with. He said there was still a problem with coping, but the strategy was now to go out and seek new investments on a target basis.

Industries being targeted were those earning foreign exchange, employing large numbers of employees, and which used local raw materials. These included garments and electronics.

The second new strategy involved "shelter industries" in which factories would be built and staff needed to start-up the operation hired on contract basis, leaving the investor only to provide equipment, raw material and staff necessary for the high-technology section of the operation.

The third strategy, he said, arose out of the Caribbean Basin Initiative (CBI) which was now "an open door".

Mr. Seaga said the Government had a survey done by one of the well-known merchant banking houses in the United Kingdom, using certain criteria which were pre-determined as the conditions which the country would be looking for in investors in Europe who would be attracted to Jamaica as a production centre for export of goods to North America.

Those producers of goods which suffered high tariff rates as they crossed the Atlantic Ocean, or were hit by tax by virtue of direct shipping, or those which could utilise some of the raw materials of Jamaica could be included. A

list was now being completed and those firms would be targeted and approached.

A similar list was being completed on American producers who were seeking to cut costs to remain competitive against goods from the Far East. To this end, the New York office of the JNIP had been expanded and was dealing with a substantial flow of new investment proposals to Jamaica. This year, a new office would be set up in Hong Kong to deal with the Far East.

Mr. Seaga said that the JNIC had been designated as the agency for holding the interest of the people of Jamaica in agricultural projects in which the Government felt that it was important that it should take a part. The JNIC would hold between 40% and 60% and hold it until the projects were proven viable at which time the holdings would be divested.

Stone on Rebuilding Process

Kingston THE DAILY GLEANER in English 13 Feb 84 p 8

[Article by Carl Stone]

[Text]

WHATEVER may have been the errors of policy of this or the last government, it is entirely misleading to pretend that the country's economic woes can be attributed entirely to the acts of omissions of our elected leaders.

In the PNP period these problems were said to be all due to Michael's fault. Now there are some who are equally saying that it is all Seaga's fault.

In the mistaken pursuit of political crusades so vigorously sponsored by some of those who manage our media houses, both the public generally and our private sector specifically have been losing sight of some of the basic structural problems that lie at the root of our economic difficulties.

What are these basic structured problems that are quite independent of the policy errors and omissions of Manley and Seaga?

Our per capita level of foreign exchange earnings is too small to sustain our import dependent economy and our high import content consumption pattern.

Our businessmen are too dependent on debt capital borrowed from banks and are too reluctant to put their own funds into the business they "own". There are so many examples of businessmen who borrow large sums from banks to finance their capital needs while holding much larger sums in banks either locally or overseas. The result is a divorce between income earnings and capital accumulation in the private sector and a tendency for investable earnings to be frittered away on luxury imports.

The absence of adequate sources of venture capital leaves many an enterprising potential entrepreneur with good ideas for new business ventures that are unable to mature beyond the idea stage.

Under-capitalised private enterprises combined

with family ownership (as against broadly-based public ownership through equity investments) make for sloppy and corrupt management systems that refuse to conform to reasonable rules of good corporate management.

Drain on society

Too many of the areas that generate quick profits and high rates of return on income are either a drain on the economy or contribute nothing to the solution of the core problems facing the economy as a whole.

Too few of our enterprises have any real concern with cost-efficiency and productivity.

Too many of our entrepreneurs believe the society owes them a living and are unwilling to adapt to the challenges of new circumstances.

We have allowed agriculture (both big and small-scale) to become a virtual welfare sector in which productive effort bears no relationship to earnings and red tape and bureaucracy have killed private initiative by over-regulation and irrational pricing policies.

Too little of our investment capital has been moving into the critical areas of agriculture, agro-industry and horticulture where the country has unquestioned comparative advantage that should enable us to compete in any overseas market. Too much of it is tied up in areas that are national liabilities rather than assets as regards what has to be done to keep the economy viable.

In short, our economy is like an old house that has to be refurbished to weather the heavy rains of the difficult 1980's. Unavoidably, some parts are going to have to be torn down and will have to be replaced by new structures more attuned to the new directions that will be necessary to move the economy forward.

Specific policy measures apart, the foreign exchange squeeze is serving as a pressure point which will ensure that the old and rotting beams, flooring and rafters in the economy have to be torn down and replaced with new.

Any government elected in the 1980s therefore, has the dual role of being the undertakers who determine the mode of burial for those areas of economic activity that simply will not survive the decade and of being the midwives who will facilitate the birth of new vibrant ventures adapted to solving the country's basic problems.

Whatever areas of the JLP's policy deserve to be criticised, Seaga's government has had the foresight and the vision to try to develop investment policies for both local and foreign ventures that can give birth to new life and vigour in our otherwise collapsing economy.

The survey I did last year on the long list of Jamaican enterprises that are being developed under the guidance of JNIP provided clear evidence that there are many young, energetic, creative and dynamic people emerging within our private sector that offer real hope that new and vital limbs are being created to replace those that are moribund and dying within the economy.

The problem is that the rebuilding process is a slow one. Like any building being refurbished, it looks rather untidy as the tearing down and the demolition proceeds faster than the rebuilding.

The Jamaican political timetable demands short-term results in terms of jobs and new sources of income, both large enough to be felt by the man in the street. That is not likely to happen in the short run and the political mood is therefore being guided by the inevitable demolition that is going on.

Major changes have to take place to speed up and expand the rebuilding process.

Venture capital is in short supply. Access to foreign exchange is still not prioritised to ensure adequate flow to the new ventures on which our economic future will have to be built. Adequate investment incentives are not in place and there is need for more aggressive government promotion of many of these new areas of investment activity. Local raw material supplies are still problematic and unreliable in quantity and quality. Once these ventures get moving, real bottle-necks are going to emerge in our infrastructure of transportation for exports. Better corporate management and more of a connection between business income and investment generation will be necessary to promote business expansion.

Increased problems

By giving false hopes about prospects for survival among the dying and moribund sectors of the economy, the government has increased the political problems involved in the rebuilding process. In the same way that Manley's windfall Bauxite Levy induced the PNP government to avoid necessary but unpopular economic decisions, massive loans induced the JLP to delay the demolition part of the rebuilding process.

But alas the day of reckoning can't be postponed any further as the foreign exchange and financial squeeze on the economy is going to leave a toll of major business casualties in 1984.

The political tragedy is that the JLP is likely to be judged more by its undertaker role than by its role as a midwife inducing new life and vigour in the economy. Equally tragic is that voters are unlikely to appraise Manley and the PNP in terms of what they have to offer in advancing the rebuilding process and are likely to be misguided by distorted memories of populist PNP policies that are in fact quite irrelevant to this challenging rebuilding exercise.

Attack on Monetary Measures

Kingston THE SUNDAY GLEANER in English 12 Feb 84 pp 15, 21

[Article by Mark Ricketts]

[Text]

THE MONETARY MEASURES Government recently introduced via its Ministry Paper 5 are wrong, inappropriate, irrelevant and misguided.

One of the worst things that governments can ever do is to try and use additional policy measures to cover up their past errors. And the fact that the current measures are harsh in no way suggests that they are relevant. In fact the mistake that is

being made by the society at this stage is that people are assuming that the severity of the monetary measures reinforces their validity. As they see it, these measures will finally impose strictures on a society that has for too long revelled in the carnival of consumerism.

In a similar vein, having one's leg amputated might be a harsh measure which might have occurred after iodine and bandages have been tried but that does not make it right if the diagnosis is wrong. Surgery will surely ease the protracted pain in the leg but it also means the patient's inability to walk properly again.

As far as our economy goes what we have had is a decade of bad fiscal and exchange rate policy and what we are now doing is compounding our errors by trying to correct our past mistakes with a similar inappropriately designed monetary policy.

The weakness of our exchange rate policy can be seen from the phenomenal increases in our merchandise trade deficit which rose from \$380 million in 1980 to \$1.1 billion in 1982. And based on the nine-month figures for 1983, it means that the merchandise trade deficit will have widened even further last year.

Our excesses in fiscal expenditure can be seen from the increasing inability of total revenues to find recurrent expenditure as well as the decreasing percentage that tax revenues have been contributing to total expenditure. This has meant heavy reliance on foreign loans to fund the government budget. But many times the foreign loans secured were less than budgeted for, as a result Bank of Jamaica has had to step in and fill the breach. For example in 1981 there was an expectation that foreign loans amounting to \$519 million would have been secured to help fund the budget. With only \$302 million forthcoming, Bank of Jamaica was forced to supply some \$400 million to the government. This type of BOJ response has persisted so that by the 31st December 1982 government owed BOJ \$2.2 billion.

Despite the shortfall in loans to fund the budget, fiscal expansionism continued to the point where government's total expenditure, which was \$974 million in 1975-76, rose to \$1.7 billion in 1979-80 and by 1983 expenditure was expected to reach \$3.2 billion.

Fantasy

The foregoing led to fantasy that could not be

maintained and to correct the present imbalances in both the domestic and external accounts an inappropriate mix of monetary policy instruments is now being applied. These include an arbitrary ceiling on private credit as well as increases in the cash reserve requirements and liquidity ratios of the commercial banks. In addition foreign exchange holdings which permitted commercial banks to enjoy a 41% liquidity ratio has now been removed resulting in a reduction of the liquidity ratio below 40%. Commercial banks will now have to impose an even tighter squeeze on businesses as they attempt to meet the government's mandatory 40% liquidity ratio.

These monetary measures have been applied before with mild variations in the late sixties and early seventies. They had a measure of success, equally in the sixties, in improving the external accounts because at that time the economy was experiencing average annual growth rates of 9.3% over the period 1953-1970. In addition investment income particularly tied to the expansion in bauxite was extremely strong. This meant that any repression of the money and capital markets could be offset by net foreign inflows. The higher levels of growth also meant the economy was in a better position to deal with the necessary adjustment arising from credit restrictions. More importantly, the adequacy of our foreign exchange reserves meant that we could contract domestic credit and allow a loss on our external reserves.

Today, however, these conditions no longer hold. Not only are we sputtering at the trough of the economic cycle after years of negative growth but investment inflows are inadequate to offset the negative implications arising from stultification of our financial sector. Furthermore, our surplus foreign exchange reserves turned negative by 1975 and we are now in that unenviable position where our net foreign reserves is minus \$1.6 billion.

The inadequacy of capital flows suggest that we should be doing everything to ensure efficiencies in the mobilization and disbursement of capital between surplus saving units and deficit saving units. Instead what we are doing is the opposite. On the supply side we are contracting money supply as well as restraining growth in overall liquidity. On the demand side we have retained artificial ceilings on interest rates while limiting the capability of institutions to lend at these subsidized rates. So credit will have to be rationed in an irrational way forcing our bank-based capital market to refuse even some commitments already given.

Unfortunate effects

If domestic credit must be mobilized to correct the shortfall in external finance then interest rates should rise. Credit could therefore be rationed on the basis of price rather than the mere illogical position of arbitrary credit ceilings. What we have done by these measures is compress consumption,

the government involving both better pricing decisions and the removal of all those ridiculous regulations related to exchange control.

Repressive monetary measures cannot be used as a substitute for weak fiscal policies. Neither can they correct the evident weaknesses in exchange rate management. Furthermore their use in the traditional sense to correct balance of payment disequilibrium is inappropriate given the fact that the conditions which prevailed in the sixties no longer exist today. If the monetary authorities insist on applying these policies, then it means that they will not only have paid insufficient attention to the negative consequences of their choice but that they are prepared to do surgery on the economy without giving serious attention to the need for appropriate diagnoses.

weaken forward planning, restrict investment, retard output growth and repress the financial markets. At this time I believe it is difficult to overestimate the unfortunate effects of the new measures on business confidence and economic activity. As such I believe we better recall these monetary measures quickly before our accident-prone

economy gets off the rails any further.

To correct fiscal excesses government shouldn't be overburdening the private sector with these new monetary measures but should be putting its house in order by cutting back sharply on its expenditure. This will mean layoffs in the public sector, a reduction in the 200 and odd statutory bodies and a divestment of all those money losing enterprises now owned by government. To correct weaknesses in exchange rate management will mean bold action on the part of

Exporters' Concerns

Kingston THE DAILY GLEANER in English 14 Feb 84 p 1

[Text]

A call for assurance that measures implemented to regulate the nation's credit under Ministry Paper No. 5 will not place restraints on the ability of exporters to perform has been made by the Jamaica Exporters' Association.

Meeting to review the Ministry Paper last Friday, members of the Association's Executive and Research and Development Committees have called for re-introduction of measures to stimulate export expansion.

Among these are: (1) revitalisation of the Export Development Fund, (2) immediate re-instatement of the ban-

kers' export guarantee facility, (3) Re-instatement of the foreign exchange retention scheme for exporters, to ensure that the export sector will have minimum access to resources needed for export performance.

Implementation of these measures, the association said, will ensure the Government's stated intention to channel resources into the productive sector as stated in the Ministry Paper. It was the Association's view that in no way should any measures introduced by the Government curtail expansion of the export

sector.

Exporters should be assured of the economic support necessary to enable them to achieve the level needed for growth, it said.

The Association said that exporters who have liabilities through the E.D.F. for imports prior to January 10, 1983, are compelled to repay these debts at the prevailing rate of exchange. This puts them at a disadvantage vis a vis non-E.D.F. funded importers who have been allowed to repay debts incurred for imports prior to that date at the then official rate of exchange.

Despite the recent CARICOM Council of Ministers meeting held in Georgetown, Guyana, the Association pointed out, no improvement had resulted in the flow of trade. It was noted with concern that proposals which could result in even further restriction of trade in the region were being put forward by the Trinidad and Tobago Manufacturers' Association, and that restrictions imposed last year have already resulted in a reduction of 15.9% in Jamaica's CARICOM exports.

Manufacturers' Concerns

Kingston THE DAILY GLEANER in English 15 Feb 84 p 3

[Text]

A decision has been taken by the Jamaica Manufacturers Association to seek additional information from manufacturers on the effects of the new monetary measures.

The Executive of the Jamaica Manufacturers Association held its second meeting for the week last Friday, and took note of Government's intention to provide re-discount facilities which will benefit the productive sectors of the economy.

Re-discount facilities are financial mechanisms used by Government through the Central Bank to direct the credit of the banking system to assist the priority areas of the economy.

The J.M.A. is requesting each manufacturer to submit the following information:

1. Total loans, overdraft and other credit facilities extended by his or her commercial bank prior to January 31, 1984.

2. Amount or percentage reduction of credit facilities implemented and or requested by com-

mercial bank since January 31, 1984.

3. Name and branch address of commercial bank.

4. Number of workers employed to manufacturing company.

5. Number of workers laid off or to be laid off as a result of the reduction of credit facilities.

6. Products manufactured.

7. Projected exports for 1984 and to which countries.

Each manufacturer is being asked to submit the requested information, signed by an authorised signing officer, under private and confidential cover to the J.M.A. President, 85a Duke Street, Kingston, by no later than today.

"The information received will assist the J.M.A. in making its recommendations for a speedy implementation of the re-discount facilities by Bank of Jamaica and in so doing help manufacturers in maintaining and expanding production, employment and exports," a news release said.

Drop in Imports, Exports

Kingston THE DAILY GLEANER in English 14 Feb 84 p 3

[Text]

Jamaica's imports and exports declined for the first nine months last year, compared with the corresponding period in 1982.

According to the September, 1983, External Trade Statistical Bulletin published by the Department of Statistics, for the period January to September, 1983, imports amounted to U.S.\$941.1 million, a decrease of US\$11.3 million on the 1982 figure for the same period.

The decrease in imports was due mainly to a decline of 27.5% in the imports of "Beverages and Tobacco"; 8.2% for "Food" imports an 11.1% decline in imports of "Chemicals".

Total exports for January to September, 1983, were valued at U.S.\$495.5 — or U.S.\$115.5 million less than that for the comparative period in 1982.

The exports were affected by a fall of 54.9% in "Animal and Vegetable Oils and Fats"; 28.7% in "Machinery and Transport Equipment"; 29.8% decline in "Crude Materials, inedible except Fuels"; 21% in "Beverages and Tobacco"; and 21.1% in "Miscellaneous manufactured articles".

For September, imports were valued at U.S.\$105.6 million and exports U.S.\$55.0 million. The comparative figures for August were U.S.\$103.2 million and U.S.\$51.1 million.

Imports from the CARICOM region for Jamaica to September, 1983, were valued at U.S.\$41.1 million — that is U.S.\$20.8 million or 33.6% less than the comparative period of the previous year. The main contributor to the decline were the categories "Mineral Fuels, lubricants and Related Materials", down by 65.5%; "Food", down by 55.8%; and "Beverages and Tobacco" by 36.2%.

Total exports were valued at U.S.\$56.4 million — U.S.\$6.2 million or 12.3% more than that same period of the previous year. The major contributors to the increase in exports were the categories "Animal and Vegetable Oils and Fats", which increased

by 200% "Food", by 121.6%; and "Manufactured Goods" by 17.2%.

For September, imports from the CARICOM region were valued at U.S.\$6.2 million and exports at U.S.\$6.7 million. The corresponding figures for the previous month are U.S.\$4.7 million and U.S.\$9 million, respectively.

Criticism of Credit Program

Kingston THE DAILY GLEANER in English 15 Feb 84 pp 1, 3

[Text] THE PRIVATE SECTOR Organisation of Jamaica (P.S.O.J.) has described the Government's credit programme as "counter-productive"...and "a blow to Jamaica" which would result in lay-offs and falling living standards "with little if any gain in industrial or agricultural exports."

Addressing the weekly luncheon meeting of the Kiwanis Club of Kingston yesterday at the Oceana Hotel in Kingston, Mr. Sam Mahfood, president of the P.S.O.J., stated: "There are several areas in the implementation of the new economic programme which will have the effect of seriously damaging Jamaica's economy without furnishing the needed structural adjustments."

Answering a question at the end of his speech, Mr. Mahfood forecasted that the Jamaican dollar "will be devalued further over the course of time." He attributed the forecast to the credit restrictions which were in place.

The dollar, he said, could be "modified up and down for a hundred reasons" but at some stage in the future "it will have to arrive at its own value."

Mr. Mahfood, in his speech, called for the restoration of the Export Development Fund as the "first priority in using foreign exchange. Until the E.D.F. is re-established, foreign lines of credit and exporting of goods will not be able to expand.

"Add to this the draw-downs of inventories that occurred in late 1983 due to exchange and licence restrictions, and the result is that the economy faces a very volatile situation."

Mr. Mahfood criticised the transfer of resources in real terms from the private sector to the public sector, saying the country "must work towards reducing resource by the public sector if the balance of payments adjustments are to be met."

The P.S.O.J., he said, was in the process of establishing a first-class Economic Affairs Department, which would aid the organisation in the "serious task of developing policy recommendations that are in the national interest.

"We will be presenting our recommendations to the Government and the people of Jamaica in a positive and constructive manner," he said.

At the outset of his speech, Mr. Mahfood drew attention to the Government's announcement of a new set of economic measures in the form of credit controls in the banking system.

"Most of us have not yet begun to feel the effect of these measures but in the very near future, they will begin to impact on all of us.

"The domestic austerity now being implemented in Jamaica is necessary to realise a period of stabilisation, hopefully to be followed by economic growth. Whilst we agree with the need for austerity and the concept of credit restrictions, we feel that the implementation of this programme is going to be counter-productive, restraining the private (productive) sector without achieving the needed improvements in the balance of payments.

"Last year's growth rate of domestic lending 28 percent was clearly too high. This year's target of a global 15 percent increase in domestic credit may be the right amount, but where and how this global figure is applied in implementation is equally or more important than the figure itself."

As was understood, Mr. Mahfood said, there were two major problems associated with the credit programme. First, the 12 percent target growth in private-sector borrowing capability would result in a contraction of the domestic private economy by 2 to 4 percent in 1984.

Inflation would probably average around 20 percent in 1984 and, with some rise in the velocity of money, the contraction of economic activity might be moderate.

Mr. Mahfood said: "But with the current new regulations, the rise in credit available to finance normal economic activity--that is excluding new demand for credit based on monetary regulations--will be very close to zero, implying a decline of 5 to 10 percent in the output of the domestic private sector.

"This will be a blow to Jamaica, resulting in lay-offs and falling living standards, with little if any gain in industrial or agricultural exports. There are several areas in the implementation of the new economic programme which will have the effect of seriously damaging Jamaica's economy without furnishing the needed structural adjustments."

Mr. Mahfood said that with regard to the credit restrictions, the effective impact would be between zero and 5 percent growth in credit because of the following reasons:

(1) the exogenous rise in demand in January to deposit sums with the Bank of Jamaica to clear out old commitments for foreign exchange at \$1.78 (J\$81 million).

(2) the rise in demand created by the need to secure a place in the queue for foreign exchange by making up-front deposits (\$150-300 million);

(3) the inclusion of several public-sector enterprises with the private sector, resulting in an increase in the pool of borrowers (J\$25-50 million); (4) no accounting

for new companies being formed (J\$10-20 million).

Mr. Mahfood said that, in addition, the liquidity restrictions being imposed on the banks would make it impossible for them to support a 12 percent expansion of credit in the economy.

Mr. Mahfood identified new liquidity re-

strictions facing the banking system, stating that commercial banks were unlikely to expand credit by 12 percent. "The resulting effective credit restrictions will be much worse than planned, causing the serious contradiction that I have already referred to," he said.

If the global target of credit growth was 15

percent and the private sector was limited to 12 percent or less, this would still result in the public sector getting a larger share of domestic credit than the private sector — which would be continuing the trend of the past three years when the public sector received 75 percent of net domestic credit in Jamaica.

This meant, he said, that there would continue to be a transfer of resources in relative terms from the private sector to the public sector, which would be a mistake if the private sector was to be the engine of growth. "The private sector is the sector that creates the wealth that supports the nation and the Government," he declared.

"To restrict the wealth-producers more than the wealth-users will create additional problems in stabilising the current economic situation. If the nation's balance of payments problems are to be overcome, the public sector must release resources for use in those sectors which produce exports and import substitutes, principally Industry, Agriculture and Tourism."

On the move by the Government to cut the public-sector deficit, Mr. Mahfood said what was needed was not just a deficit target but a public-sector resource target which would reduce the public sector's share of the Gross Domestic Product by four to five percent this year.

Mr. Mahfood said that, given the state of the public sector, it would be a mistake to rely principally on tax increases to cut the public deficit because this

approach would transfer resources away from the producers of exports and import substitutes.

"Jamaica must work towards reducing resource use by the public sector if the balance of payments and adjustments are to be met. Spending cuts in the public sector are the realistic answer to deficit reduction and economic health," he said.

"In particular, firms and individuals which produce goods that can be exported should get sizeable increases in credit and benefits for their performance while other firms, and particularly the Government, should be held back or reduced."

Mr. Mahfood said that, given the absence of foreign reserves in the Bank of Jamaica, or in the Export Development Fund, it was not feasible to expect private companies to be able to develop foreign lines of credit to finance their operations.

Even where firms are credit-worthy, the lack of foreign exchange used by the B.O.J. would preclude private borrowing, "therefore the restoration of the E.D.F. has to be the first priority in using foreign exchange. Until the E.D.F. is re-established, foreign lines of credit and exporting of goods will not be able to expand."

"Add to this the draw-downs of inventories that occurred in the late 1983 due to exchange and licence restrictions, and the result is that the economy faces a very volatile situation."

"The effect of all of these policies will be to further disadvantage legally-operating firms

which keep books, pay taxes and abide by Government's foreign-exchange regulations. The illegal part of the economy will boom, with street financial institutions springing up to service credit needs."

"The illegal imports will continue to flow in until Customs is reformed to control them, and the result will be a loss of tax revenues — direct and indirect — and deterioration in the Government's ability to conduct sensible economic policies."

Declaring that the private sector had been "moderately successful" by all major economic indicators during the past three years, Mr. Mahfood said now was not the time "to unnecessarily curtail the ability of the private sector, but it is the time to remove constraints, especially in manufacturing, agricultural development and tourism."

Mr. Mahfood spoke of "other serious issues" affecting the health of the economy which would be some of the major areas which the P.S.O.J. would be concentrating on.

The P.S.O.J. welcomed, he said, what appeared to be "a new sense of realism" in the country as was demonstrated by the Prime Minister's address to his party conference on Sunday.

"We agree with the Prime Minister's assessment that 1984 will be a very critical year for the Jamaican economy. We take the position that the private sector has an important contribution to make in finding solutions for the problems that confront us. That is what we will be doing in the months and weeks ahead."

Mr. Brian Paisley, the club's second vice-president, introduced Mr. Mahfood. Mr. Milton Weller said thanks.

Victimization by IMF

Kingston THE DAILY GLEANER in English 15 Feb 84 pp 10, 20

[Article by Carl Stone]

[Text]

The philosophy and practices surrounding economic aid have, in my view, done great damage to Third World countries under the guise of doing good.

Jamaica is, in my view, a victim of this process as it relates to IMF borrowing.

In the area of food aid, both humanitarian arguments and pleas for international equity have been used to create substantial flows of cheap food aid so-called "food deficit" countries which have been failing to produce enough food for their people in circumstances in which their economies lack the foreign exchange to import food. Extensive policy evaluation research has been done to establish that the long term effect of this flow of food aid has been to provide a strong disincentive for those food deficit countries to make the effort necessary to become more self-sufficient in food production.

What might have been conceived in lofty humanitarian and political goals has turned out to be destructive of the initiative and self-reliance necessary to force weak economies to come to terms with reality and pull themselves out of crisis problems.

In the 1970s the flood of petro dollars that moved through western banks induced a disposition on the part of banks and liberal western governments to massively increase loans to Third World countries as they struggled with balance of payments problems.

Under the political influence of the dominant liberal leaders of western governments (Callaghan in Britain, Schmidt in Germany, Trudeau in Canada and Jimmy Carter in the U.S.) the IMF was pressured into serving the demands in the Third World for hard currency borrowing to bail them out of balance of payments crises.

Now we need to get it clear in our heads that the IMF is not involved in the business of lending money for development purposes. Its loans and loan programmes were specifically designed to provide temporary balance of payments relief for country's experiencing short run adjustment problems.

To the extent that most Third World countries faced problems that were more structural in nature, the IMF and its policies, however well intentioned, are not likely to be of any lasting help. On the contrary it could be harmful in concentrating

energies on short run financial difficulties while long term development goals are ignored.

In the 1970's Jamaica received generous IMF loans on a scale that cannot be justified or explained for so small a country except in terms of Manley's political standing in the Third World and the inclination of liberal western powers to appear to be bending over backwards and appeasing militant Third World leaders demanding a new international economic order.

But the political climate in the west moved suddenly to the right with the fall of Carter, Callaghan and later Schmidt and the emergence of Thatcher, Reagan and Kohl. Fortunately or unfortunately, our wind of political change blew in the same direction; and as Reagan's Third World protege, Seaga was able both to continue and to improve on the large scale inflow in IMF lending that was quite disproportionate to any economic case that could be made for IMF lending to this small country, especially when the big borrowing in the 1970's produced no positive results.

To be sure, we have had both short-term balance of payments adjustment problems (treatable by IMF help) as well as long-term structural problems which required a rebuilding of our economy.

In the Manley years our government was consumed with the short-term financial problems and the rebuilding was never attempted except on the plain of rhetoric.

In the Seaga years, a slow rebuilding process is in motion but there is still an almost complete absorption with the short run balance of payments problems.

The real case against continued IMF borrowing and against the orgy of borrowing that has gone on under both governments is not an ideological one. It nests on the impact of IMF borrowing in deadening and destroying the creative energies that might have been released if we did not have this crutch to walk on.

It rests on the feeling that without this rubber craft of loans that kept us afloat, without our having to swim we might have had to really sink or swim and may just have come out of the seventies better equipped to cope with the 1980s.

I am remained very much of the case of Singapore, the most successful Third World economy that charted a course of export industrialisation only after the country was facing what seemed like total disaster.

The country was cut adrift from federal ties with Malaysia whose large domestic market was seen as the natural target for import substitution industrialisation in Singapore. The British pulled out the military base which was a major source of hard currency earnings. The future seemed bleak but the challenge was met by new economic policies which charted a successful course towards export industrialisation. If Singapore had been smothered with paternalist loans and aid, the impulse to transform the economy might have been put to sleep.

In our case, if there were no IMF to borrow from, we would have been forced (ON OUR OWN) to cut imports in the short run and to move towards developing — more of an export oriented production emphasis. It would have been painful. Our manufacturing sector would have had to be demolished and rebuilt. Our agriculture sector would have had to be modernised. The big foreign exchange users who earn little or nothing in hard currency would have become casualties of the adjustment process.

The P.N.P. government might have been forced by sheer necessity to bite the bullet and attempt a rebuilding process by policies that would not be popular in the short run instead of trying to maintain popularity through redistributive policies funded indirectly by massive foreign borrowing.

The private sector might have awakened to

reality and might have recognized that the economy had no free lunch to offer. Labour might have matured in the heat of the pressure to survive as a nation.

What the IMF borrowing did was to give the false feeling that business as usual could continue, that minimal adjustments were necessary and that if we only elected the right government, the problems would blow away.

As a result of the almost 8 years of putting off facing up to these realities, we are no better off in 1984 than we were at the end of 1976 when the IMF issue became politically central and when we embarked on the big IMF borrowing.

The orgy of borrowing is about to end and we have little to show for it except a high debt burden and a demoralised people who worry that on that fateful day when the crutch is taken away (as it will shortly) we will fall flat on our faces.

That is precisely what I meant in my recent column in which I questioned the value and impact of this IMF borrowing.

Like the recipients of cheap food aid, we have benefitted in the short run. But the long and medium term impact has been debilitating and destructive of our impulse to meet a crisis with self generated solutions and of our creativity in facing reality and dealing with it.

In early 1977 I supported those who argued for IMF borrowing. But when I assess the debilitating effect of our using these loans postpone indefinitely the demolition and rebuilding process that has to go on to the economic strength to weather the 1980's, I think the country has to seriously weight whether or not we should not send the IMF packing.

More on Credit Problem

Kingston THE DAILY GLEANER in English 16 Feb 84 pp 1, 3

[Text]

The current "credit freeze" in the commercial banking system has been likened by one banker to a tightrope with restraints set by the Bank of Jamaica on the one hand and customers in need of financial assistance on the other.

Speaking at a Gleaner Brains Trust on Monday morning, the banker said "We have a pie of money that is sitting in the middle of the table, nine banks have to share it and each one wants its slice. But the pie is not big enough to satisfy our total needs. What has to be done then, is that the banks have to be even a little more severe in cutting back their credit policies without

disrupting the whole mechanism of business. They are going to have to negotiate more carefully in a firmer way, to get their credit lines that they were enjoying before down to a more acceptable level so that we can get back to whatever the real liquidity in the system is. We may have to get to a liquidity ratio of 38 percent in the interest of what the nation is trying to do to meet its own targets with the International Monetary Fund (IMF), and this is going to be a real challenge for the commercial banks."

"It's like walking a tightrope. You have on the one hand monetary restraints that have been set for you

by the Bank of Jamaica and that the Government is determined that the commercial banks have to live with; and on the other hand you have customers whose businesses you don't want to ruin. You don't want to see them pulling their shutters down and leaving the country. So, we as bankers, have a very difficult task to perform, perhaps the most difficult task of the whole society to perform."

The banker noted that the rules of the game in terms of local lending, have been clearly set out and that most bankers "accept, as responsible people within the system, that they have to be lived with and conformed to, but it's difficult."

The rules referred to, were the subject of a Ministry Paper laid in the House of Parliament on January 24, by Prime Minister and Minister of Finance the Rt. Hon. Edward Seaga, in which a number of financial measures aimed at improving the nation's balance of payments position, containing inflation and inducing the growth of savings, were outlined.

The measures included the imposition of a ceiling of 12 percent on the amount which commercial banks

ceiling imposed was perhaps a "necessary adjunct but the real key factor is liquidity."

Noting that Bank of Jamaica indicators were showing at the time of introduction of the measures that there was in excess of 41 percent liquidity in the system, the banker said that January turned out to be "the most unfortunate month in terms of the use of credit, before the measures were introduced." One contributing factor he said, was an offer made by Bank of Jamaica to commercial customers who had pre-January 10, 1983, foreign exchange liabilities, the privilege of being able to take advantage of the old J\$1.78 per US\$1 rate, if they put up the Jamaican equivalent immediately, with the

deadline being January 20.

As a result, he said, several customers went to their bankers and drew down their lines of credit because there was not that level of cash in the system. He explained: "Merchants and commercial clients don't keep cash, they depend on borrowing lines, so that I would say that a good 90 percent of the money that was put up through the Bank of Jamaica special deposit scheme came under the bank credit."

"What this did was to immediately bump up the lines of credit... bump up the total amount of loans within the system, and the 12 percent that the commercial banks were asked to work after, was

as a group and each individual bank may increase credit to the private sector, starting from January 1, 1984.

The overall liquid assets ratio of commercial banks was raised to 40 percent from the level of 36 percent which previously obtained, while the cash reserve ratio of the commercial banks was increased from 5 to 10 percent.

The liquid assets ratio for financial institutions operating under the Depositors' Act however, has been increased from 10 to 15 percent.

The banker told the Brain's Trust Meeting that in his opinion, if the new measures were designed to restrain credit within the banking system to those who need credit for distributive purposes in the area of consumer spending, then the measures have obviously been carefully thought out to have just that effect.

He said that after the measures took effect on January 26, the banks had no choice but to immediately institute credit restraints on clients' borrowings, and with the liquidity requirements called for by the Ministry Paper, the effects were immediately apparent in the system.

He said that the 12 percent credit

a ceiling for all of 1983 based on a total of advances within the system at the end of December 1983. So that in addition to the fact that word got out into the business sector and private sector that these new measures were coming, and a lot of people quickly went ahead and used their lines of credit as well for paying of their creditors, we saw in January an enormous bulge of loans which must have surprised the Bank of Jamaica and the Prime Minister.

I think the Prime Minister used the figure of \$150-million in credit alone in January 1984, and this is a very substantial amount of money, it represents the enormous and sudden increase and a sudden impact, so it tended to

throw out of kilter the plans that the Bank of Jamaica had for using in a modest way, the quarterly three percent tranches of credit.

It meant that we had to meet with the Bank of Jamaica, which we did, to come to some arrangement as to how the banks got themselves back in line. Some banks were already in excess of the 12 percent for the whole year in the month of January alone. So we were facing a very disastrous situation and we had to negotiate some agreement with the Bank of Jamaica, and we have all agreed that in the interest of reaching the 12 percent target by the end of the year, that we should put ourselves back on target as soon as possible—that is, try and reduce our loans that had bulged to an acceptable figure by the end of June, and this is what all banks are sincerely working at."

The banker said that it has become "extraordinarily difficult" for the commercial banks to meet their 40 percent target when there does not appear to be 40 percent of liquidity in the system. Noting that much of the available Jamaican dollars in the system has been reserved for the special Deposit Account, the banker said that the 41 percent liquidity that was in the system before the introduction of the new mea-

sures no longer exists and there is only some 38 to 39 percent liquidity in the system at present.

But, the banker said, lack of money in the system may have some positive effect on the foreign exchange rates. Noting that there is not enough foreign exchange to go around, he said "if there is little Jamaican cash in the system and no credit in the system, then the unofficial street or black market is going to have to bow, they are going to have to give up some of their dollars, and if in giving up their dollars there are no buyers then the supply and demand system takes effect and they might very well have to give it up at lower rates which would tend to hold the exchange battle down."

This is a guess and it's a gamble, it's a bit of logic, it mightn't work that way, and if you want me to volunteer an opinion of what might happen if the economy goes off the kilter and people can't hold strain, and won't live within the regulations, and find that their businesses are not able to function, they might very well pull their shutters down, convert their assets to cash and then seriously consider what is the best currency to hold their assets in."

REPORTS ON PROCEEDINGS AT 38TH ANNUAL JLP CONFERENCE

Nomination of Officers

Kingston THE DAILY GLEANER in English 11 Feb 84 pp 1, 3

[Text]

The Jamaica Labour Party's 38th annual conference moves into high gear today and tomorrow with the convening of the business and public sessions, respectively.

The business session today will deal the tabling of reports, discussion on the recommendations of

workshops held last week at the Forum Hotel, Portmore, and the election of officers.

A party spokesman said yesterday that well over 8,000 delegates had been accredited but it was expected that the figure would increase as the conference gained momentum.

Special overseas guest, Mr. Maynard Jackson, ex-Mayor of Atlanta, U.S.A., has been invited to speak at the public session of the conference tomorrow.

Mr. Jackson will arrive at the Norman Manley International Airport this afternoon

where he is to give a press conference.

The spokesman said that nominations for officers of the Party were already in indications were that the sitting officers would remain upopposed.

They are: Prime Minister, the Rt. Hon. Edward Seaga, leader; the Hon. Pearnel Charles, the Hon. Enid Bennett, the Hon. Percy Broderick and the Hon. Neville Lewis, deputy leaders.

Mr. Seaga will give the main address at the public session tomorrow, the high point of the conference.

Deputy Prime Minister, the Rt. Hon. Hugh Lawson Shearer, who "holds a special place" in the party, will be unavoidable absent because of engagements in talks on the Lome Agreement in Brussels.

Public Session

Kingston THE SUNDAY GLEANER in English 12 Feb 84 p 2

[Text] The public session of the 38th annual conference of the Jamaica Labour Party begins at the National Arena this morning, concluding four days of party deliberations, with the private business session taking place at the same venue yesterday.

Prime Minister, the Rt. Hon. Edward Seaga, who was returned as party leader along with other officers in an en bloc vote yesterday, will address the conference this afternoon on national issues.

Also slated to speak is special guest, the former Mayor of Atlanta, Georgia, U.S.A., Mr Maynard Jackson.

Other officers re-elected by some 9,000 delegates were deputy leaders, the Hon. Pearnel Charles, the Hon. Percy Broderick, the Hon. Enid Bennett and the Hon. Neville Lewis. It is expected that the Chairman, the Hon. Dr. Ronald Irvine; the General Secretary, the Hon. Bruce Golding, and his deputy, Dr. Horace Chang and Treasurer, Mr. St. Claire Shirley, will retain their posts.

The Trustees, Lady Bustamante, Miss Edith Nelson and Mr. L. G. Newland were also re-elected.

The business session heard reports from the General Secretary, the Deputy General Secretary and the Treasurer.

The Treasurer's report told of some \$1.4 million which was owed as a result of expenses incurred in the 1980 elections would be fully paid off by the first quarter of 1984; the party had a surplus of \$1.3 million with over \$200,000 in bank loans repaid.

Other speakers yesterday were the Hon. Bruce Golding, the Hon. J. A. G. Smith, the Hon. Enid Bennett, the Hon. Alva Ross, and the Hon. Neville Lewis.

Mr. Seaga, in his charge to the delegates, outlined a programme for the re-organisation of the constituencies, urging Members of Parliament to get their constituency machinery in good working order with their respective offices equipped and staffed adequately, a source said.

CSO: 3298/535

UNAVAILABILITY OF FERTILIZERS HURTING SUGAR, OTHER CROPS

Kingston THE DAILY GLEANER in English 11 Feb 84 p 12

[Article by Ivorall Davis]

[Text]

THE MINISTER OF AGRICULTURE, Hon. Dr. Percival Broderick, has expressed shock and disgust over the late arrival of fertilizers from Canada for the agricultural industry under a \$23-million Canadian International Development Agency (CIDA) interest-free loan. Importation of the raw materials is being handled by the Jamaica Commodity Trading Company.

Minister Broderick, expressing anger, said that the late arrival of the fertilizer will have a very damaging effect on the 1984/85 sugar crop as the optimum time for the application of inputs, such as fertilizer, was being missed.

An agronomist attached to the sugar industry explained that when cane is being reaped, ratoons with developed roots have got to be immediately treated for the next crop. The non-application of fertilizer or irrigation water will impair the next crop, he said. He added that the late application of fertilizer encourages vegetative growth and sucrose storage is retarded resulting in poor juice quality at maturity.

There have also been complaints from the Coffee Industry Board and the Jamaica Agricultural Socie-

ty about the unavailability of fertilizers for their members.

On Monday, Mr. Frank Downie, Manager/Secretary of the Sugar Industry Authority wrote the Managing Director of JCTC on the direction of the SIA Board and the Minister of Agriculture, conveying their concern "that despite agreement on the details of a 1983/84 fertilizer credit programme for the industry, that is, the volume, timing and basis of payment for the various grades required. No mixture have arrived in the Island up to the present time.

"As you doubtless know, any programme designed to restore sugar production to acceptable levels, must necessarily be based on the timely availability of this important input. In the western section of the Island where the sugar-cane harvesting programme has entered its third month, there is much despondency among farmers who require mixtures for immediate use on their farms," Mr. Downie said. He ended his letter seeking an assurance that the fertilizer requirements for the industry "will be made available on a timely basis, failing which I would ask" that the industry be permitted to establish alternative sources of supply under the existing Canadian Line of Credit."

The letter was despatched for the attention of JCTC's Mr. A. Alberga, who, when contacted explained that the boat conveying the fertilizer mixtures had been diverted to Guyana to off-load a cargo which was on top of the fertilizer mixtures. He said that contact had been made with the ship, and those in charge were persuaded to

re-route for Jamaica. This was done, and the vessel arrived in Jamaica on Wednesday evening and was being off-loaded of the cargo which was on top of the fertilizer. As soon as this was completed the mixtures would be delivered to Aruba Chemilals, the blenders, and he was hopeful that fertilizer would become available by next week.

According to the schedule 2,670 tone should have arrived for distribution in January and 4,130 tons for distribution in February.

The CIDA loan will spread over 40 years, with a grace period of 10 years.

Importation of fertilizers is now the responsibility of JCTC. The SIA made arrangements for the All-Island Jamaica Cane Farmers Association to be the agent for the supply of fertilizers to cane farmers, National Sugar Company and private estates which may require such services. The JAS has also been appointed a distributor of fertilizers to the general farming community.

Dr. Broderick finally said that he was appealing to those who had a monopoly in the fertilizer business to "do better", thereby giving a chance to the farming community to succeed in their effort to make agriculture take its rightful place in the economic life of the country.

CSO: 3298/535

SUGAR INDUSTRY PROBLEMS NOTED; SALE OF SPOILED BAGS HIT

Kingston THE DAILY GLEANER in English 17 Feb 84 p 1

[Text]

THE MINISTER OF National Security and Justice and the Commissioner of Police have been asked to investigate reports that over 16,500 bags of sugar valued at over \$2 million which were condemned as "not fit for human consumption" and siezed, have been sold to the public in Western Kingston, St. Catherine and other places.

The request has been made by the Sugar Industry Authority to whom the sugar belonged, on the directive of the Minister of Agriculture, Hon. Dr. Percival Broderick. The sugar had been condemned and seized by the KSAC's Public Health Department and temporarily stored at Western Terminals.

Reports are that between February 1982 and November 1983, 16,527 bags of sugar (refined and brown) consigned to the SIA were seized from 12 ships in the port of Kingston, and condemned as being unfit for human consumption. Of this amount 5,962 bags were confiscated from six ships between July 5, 1983 and November 26, 1983.

In June the SIA requested the Medical Officer of Health of the KSAC to release the condemned refined sugar for re-processing, but on Monday July 18, 1983, the KSAC's Public Health Committee passed a resolution that the condemned sugar should be sold to animal farmers to be used as animal feed.

At that time the MO(H) said: "We shall much appreciate if you could provide us with a detailed Cost/Benefit Analysis of your proposed methods of obtaining unrefined sugar and/or alcohol by processing condemned refined sugar. This will assist us in our decision whether to accede to your request, and, above all, help us to convince others of the feasibility of your proposal from an

economic standpoint, especially if your proposal is scientifically feasible."

By letter dated August 4, 1983, the MO(H) advised the SIA that the KSAC's Public Health Committee has "directed that the sugar presently at the wharf under seizure notice, be released to pig farmers as animal feed, and that this directive will be carried out." The sugar referred to here was 2,793 bags from a shipment which arrived on the vessel M.V. "Ghioula", on May 11, 1983.

On August 23, 1983, on the basis of seizure Notices numbered 6573, 6575, 6576, and 6577, 1,000 bags of the sugar from the "Ghioula" were delivered at Berth II, Kingston Wharves, in lots of 250 bags to "vehicles" numbered: NF 12, KZ 159, NF 4957 and NF 4644. The delivery orders bore the signatures of the "haulage contractors", the wharfinger, the person who authorised the delivery and Custom officers.

Two orders — No. 094 and No. 095 — from KSAC Public Health Inspectors authorising the wharfinger to deliver 250 bags of sugar on each

order, said that the persons named in the orders were "authorised" animal farmers, and that the "commodity" would "be used as animal feed..."

On August 25, 1983, the SIA's investigator on surveillance, saw 1,000 bags of sugar in a shop in Western Kingston and saw "known traders" purchasing bags of sugar.

A truck loaded with the condemned sugar at Western Terminals was later seen by the investigator in Spanish Town off-loading sugar at a supermarket.

It has also been reported in the documents forwarded to the Minister and the Commissioner of Police that a KSAC Councillor (named in the report) was seen conversing with a truck driver at Western Terminals while the condemned sugar was being loaded on it. This truck was later trailed to a shop in Western Kingston where it unloaded the sugar.

Three days later the investigator bought a bag of the sugar at the shop for \$100.

Whenever the SIA sought permission from the KSAC Health Authorities to be permitted to witness the dumping they were refused.

Dr. Broderick told the **Gleaner** on Tuesday that he was determined to close all the areas of massive losses which were affecting the industry, particularly through deliberate scheming and thieving.

"The Government, and the people of the country cannot tolerate these activities, and the most drastic measures must be taken to stamp out these evils, wherever they exist and whomsoever may be affected," he declared.

DIRECTOR OF TOURISM JOHN GENTLES REMOVED FROM OFFICE

Kingston THE DAILY GLEANER in English 16 Feb 84 p 3

[Text]

Mr. John Gentles has been removed from the positions of Director of Tourism and Chairman of the Jamaica Tourist Board by Minister of Tourism, the Hon. Anthony Abrahams.

Official news of this has been given in a press release issued by the Minister which said: "In the exercise of my powers under the Tourist Board Law, I have today (February 14) revoked the appointment of Mr. John Gentles as Chairman of the Jamaica Tourist Board and as Director of Tourism with immediate effect."

The issue over Mr. Gentles stemmed from

questions in Parliament last year about the purchase by the Tourist Board of local souvenirs made by "A Taste of Jamaica" a company in which Mr. Gentles' wife is a major shareholder. On November 15, last year, the then PNP MP Mr. Horace Clarke directed questions about the purchase to Mr. Abrahams.

Mr. Abrahams said in his press release: "The questions related to the purchase of local giveaway items by the Tourist Board, with local certificates of fumigation and tariff documents, and enquired as to whether payment for

these goods comprising two cheques of \$9,100 each was made in foreign currency to a person related by marriage to an officer of the Jamaica Tourist Board."

He said he wrote to Mr. Gentles on November 17, asking him to "provide material" which could put him "in a position to respond to these questions."

Mr. Abrahams said "there was no immediate response" to this request but, "following further correspondence on the matter, Mr. Gentles finally wrote on January 20, 1984, stating that his lawyer had advised him that the transaction "would not necessarily be improper and involve a conflict of interest."

The former Tourism Director also said, in his

letter, that he was prepared to have his "contract terminated immediately on a mutually agreeable basis" because he felt it would be difficult for him to "continue to enjoy the confidence and good relationship of yourself (Mr. Abrahams) and the Tourist Board and this would be necessary for the proper discharge of my duties."

Mr. Abrahams said he "construed the letter as an offer of resignation" and directed Mr. Derek Dyer, Permanent Secretary in the Ministry, to accept the resignation and to enter into negotiations with Mr. Gentles on the details of the termination of his contract.

However, Mr. Abrahams said, "what Mr. Gentles has proposed as a basis for negotiation is wholly unacceptable."

FOREIGN EXCHANGE RESERVES

Kingston THE DAILY GLEANER in English 16 Feb 84 p 1

[Text] The international foreign exchange reserves of the Jamaican economy hit an all time low in October 1983, the latest month for which figures are shown in the Bank of Jamaica Statistical Digest for Jamaica 1984.

The international foreign exchange reserves balance in U.S. dollars are shown below:

Year End	International Reserves U.S. \$ million
1976	Minus 171
1978	Minus 344
1980	Minus 537
1981	Minus 776
1982	Minus 840
1983 (Oct)	Minus 1,084

The collapse in the international reserves during the last year has been reflected by a material increase in the foreign liabilities of the Bank of Jamaica which have been offset in part by the net foreign assets held by Commercial Banks.

CSO: 3298/536

BAUXITE AND ALUMINA PRODUCTION INCREASED

Kingston THE DAILY GLEANER in English 17 Feb 84 p 1

[Text]

The production of bauxite increased dramatically during the months of September to November 1983 and alumina production also rose but at a reduced rate, when compared with the comparable 1982 period.

	Bauxite Production		Alumina Production	
	(000) Tons		(000) Tons	
	1982	1983	1982	1983
September	587	793	145	160
October	568	742	142	153
November	404	670	137	155
	<u>1,559</u>	<u>2,205</u>	<u>424</u>	<u>468</u>
Increase — (000) tons		646		44
— %		41		10

Up to September 1983 monthly bauxite production had been below the comparable 1982 periods. Alumina monthly production began to exceed 1982 production levels from June 1983.

CSO: 3298/536

BRIEFS

BANANA LEADERSHIP CHANGE--An almost complete change has taken place in the top leadership of the All-Island Banana Growers Association, with four of the five members of the former Executive Committee having been removed from office. New chairman of the board of directors is Mr. A. A. Pottinger, A.I.B.G.A. Area Director of Highgate, St. Mary, who replaced Mr. Keith S. Francis, who had been Chairman since January 1973. Mr. Wesley Fowles was elected Vice-Chairman in place of the Rev. U. C. Wolf, who held that post since January 1974. Mr. Wolfe did not secure a seat on the Executive Committee of which he had been a member since 1966. The other new members of the Executive committee are Mr. Sam Lawrence, of Paradise Farm in Portland; and Mrs. Edna Lawrence, of Montego Bay, Mr. George Lopez, of St. Ann, retained his seat on the Committee. The changes took place at the first regular monthly meeting of the Board of Directors held on Tuesday at the Association's office, in Kingston Gardens, immediately after the annual general meeting of the Association. Messrs. Fowles, Lopez, B. A. Hamilton, Sam Lawrence, and Clovis Stewart were elected the AIBGA's representatives on the Banana Cultivation Joint Industrial Council. Following their election, the Directors had "further discussions" with the Banana Company on the price of banana growers. [Text] [Kingston THE DAILY GLEANER in English 16 Feb 84 p 1]

CSO: 3298/536

GUATEMALANS' STATUS LIKENED TO THAT OF NATIONALS OF U.S.

Mexico City EXCELSIOR in Spanish 11 Jan 84 p 13-A

[Text] Heladio Ramirez Lopez, senator from Oaxaca, stated yesterday that some 100,000 Guatemalan workers are being exploited on the coffee and banana plantations of Chiapas. Among them is a very large number of children.

He said that those responsible for these inhumane actions are foreign plantation owners who hold vast areas of land in that region. He declared further that the "salaries" paid "are the very lowest", because these workers cannot claim their rights since they are threatened with deportation back to their country.

The senator also reported that the Guatemalan refugees in Mexico, specifically in Chiapas, lack the most basic services and do not even have adequate housing.

The legislator, who was interviewed in his offices in the National Senate building, revealed that the Guatemalan workers "generally are incanned in their country by traffickers in labor manpower" and he indicated that the situation of thousands of individuals of Guatemalan origin in Chiapas "is like that suffered by millions of Mexicans in the southern part of the United States."

However, Ramirez Lopez pointed out that in Mexico this kind of slave exploitation does not remain concealed, since it is reported systematically.

Referring to the presence of the Guatemalan refugees in our country, he stated that the Mexican authorities maintain an unalterable attitude toward the situation, the substance of which is "this is not a mere temporary phenomenon, but is part of our historic experience."

In closing, the senator indicated that this attitude will remain unchanged, because respect for human dignity is a basic tenet of our nation.

8089

CSO: 3248/413

BANK OF MEXICO VIEWS IMPACT OF SIMPSON-MAZZOLI LEGISLATION

Mexico City EXCELSIOR in Spanish 11 Jan 84 p 5-A

[Article by J. Jesus Rangel M.: "The Bank of Mexico: '500,000 Mexicans Will Be Left Unemployed in the United States if Simpson-Mazzoli Legislation Is Passed'"]

[Text] If the Simpson-Mazzoli legislation is passed, approximately half a million Mexicans would be left with no chance of employment, since they would have no access to the U.S. labor market. This legislation would encourage abuses of Mexicans, according to a statement made yesterday by the Bank of Mexico.

In a study of the above draft bill to reform the Immigration and Nationality Law of 1982 in force in the United States, the Central Bank stated that another possible result would be the deportation of "many of our fellow Mexicans."

The bank pointed out that because of political differences between President Reagan and Thomas P. O'Neill, speaker of the U.S. House of Representatives, the study of this draft bill was postponed on 4 October 1983 so that the new Congress, to be elected in November 1984, could undertake the entire legislative process again in January 1985.

The banking institution added that it is to be expected that the president will continue to apply pressure on the Congress to obtain legislative ratification favorable to this legislation, although "political observers doubt that he will be successful in this regard."

Using its international economic indicators, the Bank of Mexico had the following thoughts with reference to the aforementioned legislative draft bill.

For the United States, priority is being given to finding a permanent solution to the immigrant problem. Both the government and U.S. society "seem to agree that it is imperative that the authorities resume control of the immigration phenomenon and regulate it through legislation of a restrictive nature."

The bank added that the Simpson-Mazzoli draft bill could win the majority necessary for its passage by the Congress, but that the complexity of the immigration problem, the political situation and the pressure coming from groups of Hispanic origin, "have delayed the discussion of it."

The bank also pointed out that the strengthening of the control apparatus of the National Immigration Service and the terms [text corrupt] Naturalization, as well as the terms of the law itself "would encourage abuses of our fellow Mexicans."

The institution explained that to counteract such abuses Mexico would find itself obliged to improve and reinforce its system of protecting its nationals in the United States to ensure that their labor rights and their human rights are respected in accordance with what is provided by the laws of the United States itself.

The Bank of Mexico said further that in case the draft bill in question is passed, the "major problem facing Mexico would be the deportation of an as yet undetermined number of its nationals."

In addition, the bank added, the possibilities that our fellow nationals could avail themselves of the opportunities for work offered by the U.S. market would be diminished. "Despite the fact that there are no official figures in this connection, it is estimated that there would be a flow of half a million Mexicans who would be left with no chance of employment if they were to be deprived of access to the U.S. labor market."

8089

CSO: 3248/413

BANK OF MEXICO RELEASES LATEST INFLATION DATA FOR 1983

Federal District Experiences Higher Rate

Mexico City EXCELSIOR in Spanish 9 Jan 84 pp 1-A, 16-A

[Article by Jaime Contreras Salcedo]

[Text] The Bank of Mexico (Banxico) reported yesterday that as a result of the Economic Restructuring Program adopted by the government, there was a marked deceleration of the inflation rate in 1983, which translated into an increase of just over 80.8 percent in prices nationwide and 88 percent in wholesale prices in Mexico City.

The bank also revealed for the first time the National Index of Producer Prices, which allows for a compilation of data related to prices "directly from producing firms"--at industrial costs--which experienced an overall increase of 80.2 percent between December 1982 and last month.

During December, when rates and prices usually take a significant jump, the central bank found that the inflation rate was 4.3 percent. It recalled that in 1982, that same indicator rose by 10.7 percent. During the second half of 1983, the monthly rise in that variable was 4.2 percent, while in the first 6 months the increment had been 5.9 percent monthly. Banxico observed:

"It should be noted that if the monthly inflation rate had stayed at the levels of December 1982 and January 1983, this year prices would have soared by nearly 250 percent."

In any case, there was a significant increase in December in the prices of some staple items such as fresh and processed meats, fruits and vegetables, cookies and pastries, fish and shellfish, milk and other dairy products, sugar and its byproducts, acknowledged the bank. It reported that the average increase was 5.5 percent a month.

In addition to those rises, however, there were increases in other areas in December: in hotels (6.9 percent, the highest average of last month), restaurants (6.9 percent), some articles of clothing made of textiles, such as women's and children's coats (4.0), and stoves, bedroom furniture, heaters and lightbulbs (household furniture and appliances) climbed by 3.8 percent.

Health Care Up 3.5 Percent

In the health sector, the Bank of Mexico reported that prices of antibiotics and flu remedies took off in December; on the average, there was a 3.5 percent increase over the figure for November 1983. As for transportation, there was a rise in the rates for insurance and spare parts for cars, with an average figure of 2.3 percent for the sector as a whole.

In the housing and construction sector, the Bank of Mexico found that the average increase in December was 2.3 percent. "Other services (not specified) rose by as much as 4.9 percent in December."

Banxico pointed out that of the 35 cities from which information is gathered to determine the national price index, the greatest jumps during this month took place in Tijuana, Villahermosa and Navojoa. The cities with the smallest increases were Iguala, Veracruz and Torreon.

Although the national consumer price index was 80.8 percent (annualized), as noted above, the Bank of Mexico reported that in the household furniture and appliances sector the annual rate of inflation was 102.6 percent. On the other hand, the prices that rose the least were in the housing sector--the market is in a slump--which climbed by 56.4 percent in 1983.

Shoes and clothing prices went up 98.2 percent; health and personal care, 97.4 percent; education and recreation, 97 percent. Banxico observed that food, beverages and tobacco registered an average increase of 77.9 percent in 1983; transportation climbed 75.7 percent.

Wholesale Index: 2.6 Percent in Capital

The central bank indicated that the Wholesale Price Index in Mexico City rose by 2.6 percent in December 1983. The index yielded an increase of 88 percent for the entire year.

Wholesale vehicle and accessory prices went up by 118.7 percent for residents of the capital, according to Banxico; fuel and power climbed by 102.7 percent, while so-called raw materials rose 99.7 percent

The central bank reported that wholesale food prices in the Federal District experienced an annual increase of 72.5 percent, while "non-food" items were held to an 85-percent increment.

Explaining the new National Producer Prices Index, Banxico stated that with this new system "it is possible to follow up on prices from the producer all the way to the final consumer;" thus, it explained, using this indicator, December's overall figure was 3.3 percent, while the annualized increase was 80.2 percent for prices charged at the plant by businessmen.

Metals Still on the Rise in 1983

The Bank of Mexico stressed that last year basic metals and their byproducts registered the most spectacular climb, 110.1 percent, followed by vehicles,

which surged 103.3 percent. Chemicals, rubbers and plastics also broke the 100-point inflation barrier, stopping at 102.6 percent.

In decreasing order, the central bank reported the following producer price increases: machinery and instruments, an average of 98.9 percent; cement, glass and "others," 92.8 percent; textiles and clothing were next with a 91.7 percent rise.

Electricity rates moved ahead by 83.3 percent; wood, paper and printing yielded an 83.2 percent inflation rate in 1983; agriculture, livestock and fishing finished the year at 80.6 percent, while processed foods and beverages rose by 78.4 percent. Mining experienced an average increase of 72.5 percent. Finally, the construction industry reported a rise of 70.9 percent.

Opposition Faults Government Calculations

Mexico City EXCELSIOR in Spanish 10 Jan 84 pp 4-A, 28-A

[Article by Rogelio Hernandez]

[Text] Not reporting the authorization of an increase in prices, arbitrarily choosing products for inflation, and hiding real figures for investment, production and inflation, seem to be the public information policy of the Bank of Mexico, the Secretariat of Commerce, and other agencies that control the nation's accounts, asserted five opposition parties yesterday.

The new style is to doctor economic statistics in order to present an optimistic picture to international organizations as well, claims the press office of the Unified Socialist Party of Mexico (PSUM), while the spokesman for National Action alleged that the recent report by the central bank shows that "now the statistics are manipulated for political ends."

The Mexican Democratic Party and the Workers' Revolutionary Party warned that the uncontrolled increases in December and January will lead to other more adverse effects on the economy, and that information is not reported, either.

Meanwhile, the Mexican Workers Party (PMT) claimed that prices for staple goods "have become chaotic, completely out of control."

Gonzalo Altamirano Dimas, spokesman, said that the inflation data released by the Bank of Mexico contrast with those the Confederation of Mexican Workers (CTM) itself has been reporting. The latter organization maintains that the national consumer price index soared by 100 percent last year, not the 80.8-percent official figure.

"The practice of 'manipulating' economic indices 'for political ends' extends to all state agencies," added Altamirano, "and it is not far-fetched to imagine that figures for hydrocarbon revenues, the debt service, the decline in inflation, and even investment conditions are also being adulterated."

The Unified Socialist Party of Mexico released a commentary by its Center for Economic Studies in which it points out that "the Bank of Mexico's report

trumpets the government's success," but its figures are not very reliable because "they are doctored, based on a basket of products arbitrarily selected for the composition of the consumer price index."

PSUM explains that the CTM and the National Consumer Institute insisted that the rise in prices last December was around 10 percent, while the bank's report stated only 4.3 percent.

Hopes Sought

The goal is to raise hopes, adds the PSUM commentary, which would help shore up an unpopular policy "that is concerned with establishing a new 'realistic' structure of relative prices. But this means no social subsidies, low wages and expensive foreign exchange, and actually leaving untouched the conditions of a market where private initiative is more concerned with speculation than investment."

Jesus Zamora Flores, of the Mexican Democratic Party, also delivered a written response to the Bank of Mexico's announcements. The price increases that were recorded in the last month of 1983 continue, he said, and despite evidence to the contrary, the Secretariat of Commerce denies that it authorized any increases, or even that such increases exist. Any housewife can find daily proof of such price hikes.

The rise in prices indicates that the inflation rates were and will be less [as published] than the official estimates, explains the PDM statement, and it warns that "the crisis threatens to extend to other sectors, and to exacerbate the plight of most Mexican citizens."

Pedro Penaloza, of the Workers' Revolutionary, agreed with the criticism of "the falsification of data on the national accounts," and also claimed that the real circumstances of inflation and other factors foretell a rise in prices that will be "more uncontrollable, more difficult and more devastating to wages held down by the International Monetary Fund agreements."

The Mexican Workers Party also stressed that the information released by economic agencies and the Bank of Mexico is not reliable, and also reported the latest results of the survey its members are conducting in the Federal District with regard to the prices of basic consumer goods; it asserts that the increases in the so-called basic basket will drive the January figures up even higher than they were last year.

Like the PMT, other organizations, especially on the left, contend that the business sector and government authorities will not be able to avoid giving workers a greater wage increase than they had estimated, and these entities demand an immediate raise.

8926

CSO: 3248/414

KEY CTM ADVISER CRITICIZES GOVERNMENT ECONOMIC POLICY

Mexico City PROCESO in Spanish No 375, 9 Jan 84 pp 10-13

[Article by Salvador Corro]

[Text] Porfirio Camarena Castro, an economic adviser to the CTM [Confederation of Mexican Workers] and a key man in the drafting of economic manifestos, studies and pronouncements by official organized labor, levels this charge:

In spite of the high social cost of the economic realignment policy pursued in 1983, the administration has not rectified its position and, what is worse, is imposing greater sacrifices on the workers.

This is his analysis: The demands and concerns of the workers were expressed merely as planks in the National Development Plan, while in practice the administration fulfills the commitments it has contracted with the International Monetary Fund.

And he voices this warning: The social cost is so high that inequality and impoverishment are, at this very moment, jeopardizing political stability, social peace and the constitutional order.

Sacrifice after sacrifice. The workers have not yet recovered from the havoc that inflation wreaked among them in 1983 and are now faced with the difficult task of making it through January, which could well be one of the worst months in recent years. The CTM estimates that inflation will hit 11 percent in this month alone.

Neither the illusory 30 percent boost in minimum wages nor the president's new year's message have been able to soften the harsh start to 1984, which represents "another period of sacrifice for the workers."

Porfirio Camarena Castro says with alarm: "The month has barely begun, and already we're seeing these exorbitant increases that are devoid of any economic strategy. How can the administration even consider raising public sector rates more than the minimum wage boost? Wages were upped 30 percent, and electricity rates, for example, were increased by 35 percent."

"This does not show any balance. It is not part of a logical strategy. It demonstrates only that we are again headed down the wrong road in pricing policy."

He goes on to say: "If the administration wanted to protect wages, the most elementary move it could make would be to not authorize price rises above the minimum wage increase. But new rates were issued, and we know that this promotes other increases. Thus, this is nothing more than a direct blow to consumers."

This policy is a continuation of the policy begun last year, however. In spite of the demands, complaints and charges, the policy continues in effect, causing serious economic damage to the workers.

This economist has no doubt that 1984 will be a much more trying year than 1983. He explains why:

"This year is unquestionably going to demand greater efforts from the workers. We must keep in mind that for the workers the crisis and inflation are cumulative phenomena. This year will be even worse in terms of the money that they failed to earn, the food that they failed to eat and the needs that they failed to meet in previous years."

Only one sector benefits from the crisis: private enterprise. This was clearly demonstrated last year. "While the state took a series of measures to restore economic equilibrium, the private sector took advantage of the crisis conditions. Among other things, it got an entire protection arrangement that strengthened it. This heightened the imbalance in the distribution of wealth and fostered an even more exaggerated concentration."

The experience of 1983 makes what will happen this year quite predictable, especially if the government continues to ignore the workers' demand that the burden of the crisis be more equitably distributed.

A quick review of economic policy and its effects last year confirms that the initial steps so far this year are in the same direction, Camarena Castro says.

One of the government's basic goals in 1983 was to restore the country's financial balance. But it was remiss in not taking into account the social impact of such an adjustment. We realize, however, that the country was faced with serious problems the likes of which it had not seen in several decades.

At the same time, the country's social and political structure was strong enough to undertake adjustments that would do a certain amount of damage to the workers' financial situation. The damage was withstood initially thanks to the support of social institutions such as INFONAVIT

[Institute of the National Fund for Workers Housing] and Social Security, among others. Over many years the labor movement had built up a social security system.

"Concurrently, the workers outlined the strategy that we felt should be applied. We underscored the importance of fighting against profiteering, against price rises, against unemployment and for a wage protection program, etc.

"Unfortunately," the CTM adviser goes on to say, "all of these measures proposed by the workers ran up against the international commitments that the administration was making.

"We pointed out at the time that as long as the National Development Plan, which was a full-fledged economic realignment effort, did not clearly spell out specific goals to guide our development, the letters of agreement with the IMF would govern our economy, because commitments had already been made.

"On the one hand there was the National Development Plan and on the other the letters of agreement. This is understandable if we recall that the letters of agreement were there before the National Plan appeared. The letters were later incorporated into the budget bills passed by the Chamber of Deputies.

"The effects of the IMF's policies were not long in coming. Wages did not move in the same direction as prices. Speculation continued, and inflation was even worse than expected. The income of the masses shrank considerably; the market was depressed, and merchants were even forced to come out in anguished tones for a wage boost higher than the one set by the National Minimum Wages Commission."

Several figures illustrate how hard the workers were hit in 1983. First off, Porfirio Camarena refutes President Miguel de la Madrid's assertion that inflation amounted to just 80 percent last year. He explains:

"The president pointed out in his message that we had succeeded in bringing inflation down from 100 percent in 1982 to 80 percent in 1983. We agree that this was the case. However, we must not forget that widespread inflation does not effect everyone the same way, and this, of course, includes the workers, whose list of needs is different from the one used to calculate the overall inflation index.

"It is our observation that the inflation rate for basic items was well over 100 percent. Of course, if you figure in the price increases of nuts and bolts or any other industrial input, the rate drops."

Porfirio Camarena says that for national accounting purposes it is valid to argue that we as a people have made an effort to curb inflation.

"But the process of social improvements for the masses has lagged behind, especially during this period of the crisis. Therefore, we contend that the inflation rate that affects the living conditions of the workers is above 80 percent."

Fooling One's Stomach

To illustrate the tragedy of these effects, we need only mention that the diet of working class families has changed considerably. Foods such as meat, milk and eggs have been replaced by less expensive items. For example:

Of 120 families earning less than twice the minimum wage, 11.4 percent have stopped eating meat, 7.5 percent no longer consume dairy products, 6.7 percent have given up fish, 4.4 percent no longer buy soft drinks, and 3.3 percent have stopped buying fruits and vegetables.

It is a fact, Camarena says, that milk has been replaced by coffee and tea; rice by pasta soup; white sugar by brown sugar; vegetables by beans; bread by tortillas; fish by pasta soup; meat by beans, etc. People now eat foods that make them feel full.

Camarena plays a key role in drafting the documents that set forth the positions of the labor movement. Last year, he coordinated the drafting of at least three documents that were later approved by the Labor Congress and the CTM. He was in charge of developing the stand that the labor federation supported before the National Minimum Wages Commission.

Unlike other sectors, the official labor movement has been drafting documents setting forth its economic demands and proposals since 1978.

The most recent one, issued this past 5 December, restates the arguments put forth during the previous administration and makes demands on this one. The current documents do not have much to do with the ones drafted in 1978.

The main points of the documents can be summarized as follows: We must change the country's economic model, which promotes capital accumulation and private enterprise, and emphasize the social and public sectors of the economy, so that we can pursue our path of historic development and achieve the national blueprint contained in our constitution; and we must bolster the grassroots and revolutionary nature of the State through the growing participation of the workers, the peasants and the middle class in government bodies and their decision-making.

Porfirio Camarena contends that the blueprint offered by the working class is completely valid. "It so happens that the proposals are for structural transformations. Perhaps because the State has to

strike a balance to achieve society's overall development, it cannot find the right time to take measures in that direction."

Nevertheless, he continues, the labor movement has proposed feasible steps that would apportion the burden of the crisis better. One is a sweeping tax reform. Large-scale capital should be taxed, and the policy of consumption taxes should be abandoned.

"It makes no sense to continue pursuing policies that after several decades of development have only fostered a greater concentration of wealth, with more and more poor people and fewer and fewer rich people.

"As long as the theories aiming at an egalitarian society create these disparities in the real world, the positions of the workers will be valid.

"The share of labor in the gross domestic product has been shrinking drastically in recent years, while capital's share has been increasing."

According to official statistics, the share of Mexican workers in the gross domestic product had risen to 48.1 percent by 1975 after a long and arduous process. Over the next 7 years, however, the trend was reversed, as their share dropped back to 33.6 percent in 1982 as a result of the inflexible ceilings on wage increases.

The workers are convinced that there is a less painful way out of the crisis, Camarena says. There is a more balanced way. Capital must contribute to development. We have to take tougher action not only as far as the workers' demands are concerned but also with regard to the people who have accumulated wealth.

"This trend cannot continue, because it threatens to shatter the balances in our society. We want to see social effects taken into consideration, because it would be better to surmount the crisis 1 or 2 years later if this means that we can preserve our political patrimony, our social patrimony, our institutional patrimony."

8743

CSO: 3248/397

LABOR CONFEDERATIONS SAY CONTRACT DEMANDS WILL VARY

Mexico City UNOMASUNO in Spanish 12 Jan 84 p 3

[Text] The Confederation of Mexican Workers (CTM), the Revolutionary Confederation of Workers and Peasants (CROC) and the Revolutionary Confederation of Workers (CRT) decided to demand increases in contractual wages from small and medium companies with which they are negotiating, depending on those firms' ability to pay, and to demand greater increases of firms in better economic shape. In all cases, however, they will ask for a hike of more than 30 percent.

The secretary of labor and conflict of the CTM, Javier Pineda Serino, explained that his union will not accept any increase lower than the rise in the minimum wage, and repeated that the organization will go out on strike if that is what it takes for the companies to respond to the workers' demands.

The secretary of social benefits of the CROC, Mario Martinez Dector, predicted that in all the contract revisions being negotiated by that labor organization, wage increases of more than 30 percent will be achieved. In most cases, the union is asking for 40 percent, and the most the organization has obtained so far this year is 34 percent.

The secretary general of the CRT, Mario Suarez, reported that his union already obtained a 36-percent raise in one renewed contract, but he admitted that increases of 20, 25 and 30 percent have been accepted, sweetened with some improvements in economic benefits.

In addition, the CROC leader noted that a tripartite commission should be created to calculate the inflation rate and obtain a realistic figure in that regard, because the Bank of Mexico's figures are generally underestimated. He commented that CROC economists peg the 1983 inflation rate at 87 percent, while the Bank of Mexico estimate is 80.8 percent.

The CTM estimates that the inflation rate was nearly 90 percent, and it will be very difficult to achieve a rate of merely 40 percent this year.

The CROC leader expressed the opinion that the Bank of Mexico should consider only mass consumption products, as the National Minimum Wage Commission does when it studies trends in prices and wages.

8926

CSO: 3248/414

OCTAVIO PAZ PRESSES FOR AUTHENTIC DEMOCRATIZATION

Mexico City UNOMASUNO in Spanish 7, 8 Jan 84

[Interview with Octavio Paz, writer and poet, by Braulio Peralta; date and place not specified; passages enclosed in slantlines printed in italics]

[7 Jan 84 p 17]

[Text] Let us begin with Mexico. Octavio Paz said: It is time for authentic democracy in this country. This is the problem Mexico, especially the governing class, has faced for more than 20 years. The events of 1968 and the political reform that resulted are signs and warnings. They are signs of what could happen in a few years and warnings of the way to avoid upheavals and revolts in the future.

"If complaints are permitted to accumulate year after year, violent solutions will eventually replace civilized and peaceful solutions. That was the great mistake of the 'Porfiriato.' This is the subject of an essay by Enrique Krauze in this month's issue of the magazine VUELTA. What is germane--even if we want to effectively confront the economic crisis which is also a crisis of confidence--is democracy: real independence of the judicial branch, decentralization, respect for the vote and reform of the mass media.

"The PRI [Institutional Revolutionary Party] must learn to share power with other groups and parties. A democracy that does not recognize rotation in power is a crippled democracy. Naturally, this is an immense task and does not fall only to the government and the PRI. It is a national task. However, the reform must begin with the government, the opposition parties (from the PAN [National Action Party] to the PSUM [Unified Socialist Party of Mexico]) and /last but not least/ the mass media. (They give too many opinions and little or bad information.)"

[Question] And our relationship with the United States?

[Answer] We are condemned to dialogue with them. It is a difficult dialogue. If the situation in Latin America and in the United States changed tomorrow--for example, we were powerful and they were weak--dialogue would still be difficult. This is because there are two different civilizations or, rather, two different versions of the same civilization. However, it is necessary to dialogue because we are united by geography and history.

Octavio Paz told UNOMASUNO that "the lack of sensitivity of the leading classes --and also the intellectuals--in viewing the changes in the world, especially those that have occurred in Latin America, has been obvious in Mexico in the last 15 or 20 years. The best example is the Cuban revolution. It ended the Batista dictatorship and Yankee hegemony. It was greeted as a triumph of anti-imperialism but it opened the doors to another imperialism: Soviet imperialism....It is also notable, as a psychological and social phenomenon, that the Mexican intellectual class has returned to old theological dogmatism disguised today as Marxism and ideology. This is unthinkable in socialist France and Spain today."

"Tiempo nublado" [Cloudy weather], Octavio Paz' latest book published by Seix-Barral, was the reason for this interview. This book is "an attempt to view international life from Mexico and from Latin America." In general, the director of the magazine VUELTA said, we Latin Americans either reflect on international trends mechanically or we close ourselves in. "I have always thought that it is impossible to understand Mexican history without Latin American history. It is impossible to understand Latin American history without the history of the continent and the history of the continent without European and world history since the 16th century. History from Moscow's or New York's viewpoint is different from our viewpoint in Mexico. I wanted to view the world from Mexico."

[Question] What should our relationship with the United States be?

[Answer] Our policy must place Mexican interests over everything else. The interests between the United States and Mexico are economic, social and political: emigration, illegal aliens, the situation of our workers in that country, trade, markets. There are also cultural problems: for example, the defense of Mexican culture among U.S. citizens of Mexican origin. All the problems are bilateral and, therefore, have a political dimension. The same is true of U.S. activities--economic, cultural and political--in Mexico. In short, these are relations between two countries with different civilizations and, especially, in very unequal positions. Our policy traditionally has been defensive for that reason. Today we have more resources. The system of foreign relations and the international balance have changed.

[Question] And Central America?

[Answer] Mexico has to defend the self-determination of the Central American nations and democracy. The two things are inseparable. The military dictatorships have not been Mexico's friends but communist regimes would not be either. The latter combine ideological orthodoxy with military organization. Therefore, those regimes are constitutionally--to use that expression--expansionist. A communist government in Guatemala would claim Belize more violently than the present government. It might also claim Chiapas. Totalitarian socialism is not a safeguard against nationalism. Let us not forget the experience of Vietnam, Laos and Cambodia.

[Question] And the U.S. armed forces?

[Answer] The United States is not a militaristic state. The military does not govern in the United States.

[Question] Therefore, we are condemned to dialogue.

[Answer] Yes, a difficult dialogue because they do not know how to listen. They have to learn to listen. Their future as a great power depends on that.

[Question] It has cost Mexico a lot to get them to listen to us.

[Answer] Yes.

[Question] It has cost Mexico blood, deaths, half of its territory.

[Answer] That is true. However, when I speak of dialogue, I speak of a conflictive dialogue in which the participants uphold very different points of view. We have no other recourse; it is necessary to dialogue because we are neighbors. I already indicated that an excessive inequality in strength impedes dialogue. However, the situation has changed as Contadora demonstrates. We also have friends in the United States. We have overlooked the population of Mexican origin. The Chicanos reminded us of their origins, not vice versa. I was one of the few who spoke of the Mexicans abroad in "El laberinto de la soledad" [Maze of solitude]. It is also necessary to learn U.S. history. Only in that way can we understand them.

[Question] Wouldn't they have to learn our history in order to understand us and respect us?

[Answer] Although there are historians who have written remarkable books about Mexico, the Americans--including the intellectuals--have never been really interested in Latin America. Their ignorance does not cease to amaze me, but that is also true of Mexicans about the United States.

In that part of the interview, Octavio Paz called himself "a strange case: I lived part of my childhood in the United States. However, my family, bourgeois and intellectual, looked toward France, Europe. The United States seemed barbaric to my grandparents and my parents, an enormous mistake."

[Question] And our identity, our nationality?

[Answer] We are a country with an unmistakable physiognomy. They can no longer talk nonsense about Mexican identity. It is enough to look at our monuments, read our books, hear our music, enjoy our food, to realize that we are a nation with its own lifestyle, with a very old tradition. Mexico has antiquity.

[Question] In "Tiempo nublado" you speak of a sick nationalism that eats away....

[Answer] The nation is one thing and nationalist ideology another. Ideological nationalism seems terrible to me because it denies all other ideologies. It is a blindness; it does not permit a world view. It is a mutilation.

[Question] Aren't we living that in Mexico?

[Answer] No...not yet. But we run the risk of again closing ourselves in.

[Question] Why?

[Answer] The economic crisis can isolate us even more. There are two extremes in Latin America: the Argentine extreme that is always looking outside its country, looking toward Europe; and the Mexican extreme that is too involved in itself. We need to look outside a little more. Xenophobia is a fatal illness. At times it is curiously combined with the opposite mania: worship of anything foreign. In Mexico many people are xenophobes and /Malinchistas/ at the same time.

[Question] How is the nationalist disease cured?

[Answer] It is a blindness of the mind. It is cured with criticism and self-criticism--that is, with democracy. Although it seems tiresome, I repeat: Mexico must consolidate and improve its embryonic democracy--rotation in power, independence of the legislative and judicial branches, decentralization. (The last is fundamental; it is necessary to end the enormous privileges and abuses of centralization.) I must say it again: it is a national task. It is difficult because we hardly have any democratic tradition: the few years of the restored republic of Juarez and the short but stormy period of Madero. Our bourgeoisie has never been democratic and neither have the governing class, the PRI or the intellectuals. Our intellectuals, heirs of a double tradition of intolerance--the dogmatism of the Catholic theologians and that of the Jacobins of liberalism--have perpetuated inquisitorial attitudes. This is not true of all of them; some, devoted to their specialty, are indifferent. There are few, however, very few, who practice real criticism which almost always begins with self-criticism. Democracy is not a panacea but it is a way to moral and political health. The economic crisis, for example, could have been partially prevented if there had been a system of controls and an alert public capable of influencing the government. Therefore, the mass media--which have not played their role--are important as is the action of the political parties and the intellectuals.

[Question] Is the democracy in danger when things happen like in Juchitan?

[Answer] He who sows the wind reaps the whirlwind. It is time for an authentic democracy in Mexico in every sense. The PRI must go to the school for democracy but the opposition parties must also go to that school.

Octavio Paz offered coffee. The morning was over. The weather was cloudy. The interview shifted to the United States, the Soviet Union and the Mexican left.

[8 Jan 84 p 15]

[Text] We live in a society in crisis. The crisis is international, not of one nation or another nor of a particular system, capitalist or socialist.

However, Octavio Paz warned: "I do not have remedies for our ills although there is much to defend, especially in the West and in some so-called Third World countries. (We must banish that expression from the political vocabulary; it causes confusion.) What must be defended is democracy or, rather, the seeds of democracy that sprouted in the 15th century when the Modern Age began. They have not stopped developing in spite of enormous obstacles."

The poet stated: "Democracy is not consubstantial to one means of production or another; neither is despotism. In countries inaccurately called socialist, it is necessary to fight to establish democracy. This is the meaning of the struggle by the peoples dominated by the communist bureaucracy. In the West and in countries like Mexico--an incipient democracy--it is necessary to defend the practice of criticism, freedom of association, the right to strike, freedom of the press, freedom of religion and the right to be wrong." Democracy is "the only system that makes us relatively safe from abuses and errors or at least permits us to rebel against them."

[Question] Some democratic systems generate corruption and are expansionist.

[Answer] Democracy is not a perfect system. However, man has not invented anything better. It is true that democracy often generates corruption. It is also true that democracy can be expansionist and warmongering. Athens and Rome, the Italian Renaissance republics, the French and the U.S. democracies were. However, while at war against Sparta, Aristophanes scoffed at the warmongering party. When the United States invaded Mexico, Thoreau protested. (Why doesn't Thoreau have a statue in Mexico or even a street named after him?) In France the intellectuals opposed the Algerian war and in the United States hundreds of thousands demonstrated against intervention in Vietnam. Forgetting all this means forgetting too much.

[Question] In "Tiempo nublado" you speak of revolts as the uprising of the people. Haven't the revolutions in the world been just? Won't there ever be a revolution where man is not the exploiter of man?

[Answer] The revolutions of the 20th century originated from revolts--that is, popular uprisings. However, almost all of those revolts have solidified into despotisms which are new forms of exploitation and oppression. It has fallen to my generation to criticize the revolutions solidified into bureaucracies. This incomplete criticism must be continued by the youths.

[Question] Your book seems to justify the United States and portray the Soviet Union as evil. You speak of the first as a hegemony and of the USSR as "archaic imperialism."

[Answer] I use those words because I want to be a little more precise...as much as possible in this subject.

[Question] Why hegemony and not imperialism?

[Answer] Many of the more respected words on earth--socialism, freedom, democracy--are poorly used. I prefer hegemony to define U.S. imperialism because,

like all modern imperialism since the end of the 18th century, it is different from the old imperialism in which the military, economic and ideological aspects were united. U.S. expansion was basically economic and only secondarily military; it was never ideological except in a negative sense. Therefore, I call it hegemony. Classic imperialism almost always implies direct or, at times, indirect territorial domination. For example, the Ukraine or Afghanistan are direct occupation and Poland or Czechoslovakia are indirect. Also classic imperialism is political, military, ideological and economic domination all at the same time. All those elements occur in Soviet domination. I call that imperialism /archaic/ because it reminds me of those of the past, before the Modern Age. For example, the Spaniards conquered America and imposed Catholicism and the monarchy. The Moslems conquered half the world and imposed their faith wherever they went. Soviet imperialism is this type.

[Question] And Grenada? Did the rules of the game change with Ronald Reagan? You don't mention Reagan in your book.

[Answer] I don't mention Andropov either. I wrote the book before them. I barely mention any person. Reagan's policy might be different than Carter's (not much) but the democratic rules of the United States continue in effect. I was in New York when Grenada was invaded and THE NEW YORK TIMES, the WASHINGTON POST and television (which is privately owned) criticized that intervention. The U.S. Democratic senators also condemned it. A few days later, there was a poll and it was discovered that the majority of the people approved of the intervention....The Democrats had to change their point of view....

[Question] Isn't it sad that a nation applauds Reagan for the Grenada invasion?

[Answer] We can deplore the fact that the British supported Chamberlain or Mrs Thatcher but we cannot deny that, by doing so, they exercised a democratic right. Democracy implies the right to be wrong, as in these cases.

[Question] Don't you think the exercise of criticism seems to be ending?

[Answer] I do not believe that freedom has been limited in the United States in recent times. Remember Watergate. The U.S. regime has other flaws and they are major ones. There are two basic contradictions that divide the United States: the first is the racial question and the second, which affects its foreign policy, is that it is a democracy and an empire at the same time. There is a contradiction between capitalism and democracy; the struggle of the workers in the 19th century and most of the 20th proves it. However, that contradiction has not been resolved, as in the USSR, in favor of the oppressive power; there is democracy in the United States. It is necessary to defend that democracy as it is necessary to defend Mexican democracy, in spite of their imperfections. In summary, do you believe that we could talk like we are if we were in Czechoslovakia or Poland?

[Question] I persist with the exercise of criticism; it is ending. Or else criticism exists but it is ignored.

[Answer] Democracy--like everything living--is always in danger. However, democracy offers the possibility of correcting mistakes while despotism is

incurable. If the U.S. people think tomorrow that Grenada was a mistake, that will be reflected in the next elections. On the other hand, the Cubans cannot say a word about Castro's policy in Angola nor the Soviets about the intervention in Afghanistan.

[Question] I have a question that might seem crazy. You say in your book that the United States is a country with its own characteristics and exaggerated originality and the USSR is a conglomerate of peoples, each with its particular characteristics. Doesn't it seem possible that Latin America could become a single nation at some point in its history, especially if it breaks away from those two powers? Does Latin America have better possibilities than those two nations? Or will there be one country or leader that dominates the others?

[Answer] That is a difficult question. I am not a prophet. When I was a boy at prep school, I believed in Ibero-Americanism. Vasconcelos seduced the youths because he spoke to us of the destiny of Latin America. He wanted to revive Bolivar's ideal. Ibero-Americanism is beautiful and desirable but it is difficult. It is true that history, language and culture unite us but many things divide us. We cannot close our eyes to the conflicts among the Latin American nations and their terrible wars. There is one example that makes me tremble: ancient Greece. Are we better than the Athenians or the Spartans? Are we better than the ancient Meso-Americans at war among themselves constantly? Think about the Templo Mayor in Mexico, monument of the holy war. Also, as you said, there is the risk that one nation will monopolize power in Latin America. However, we must not lose hope. Salvation lies in unity.

[Question] How do we achieve that unity, that salvation, that hope for Latin America? Where do we start?

[Answer] With concrete and limited actions. For example, there are nations that are not politically or economically viable. Part of their problems come from their lack of viability. The Antilles, Cuba, Puerto Rico and the other small countries are broken fragments that one day will again unite. Then they will no longer be an instrument of foreigners, whether the United States or the USSR. The same is true about the Central American countries. Their economies--like those of Cuba and Puerto Rico--are not self-sufficient. Except for Guatemala and Costa Rica, they do not have a marked national and cultural identity. Because of all this, they have been the victims of the big powers. Central American unity--economic and political--would be the way to health. Democracy could be the framework for that unity. The problems are different in South America. However, there is one field where action can begin now: culture. The governments have done little in this sector for the unity of the continent but writers have done enough. We have preserved the unity of the language and we have given it vitality and universality. There is a Latin American literature from Dario's time and even before. This is, I dare say, the best thing that has happened in our countries.

Octavio Paz is considered by a group of intellectuals to be reactionary. We asked him about this and his answer was plain: "Reactionary is an adjective, not a reason. I always believed--and I believe--that my spokesman was the so-called leftist intellectual. However, those intellectuals do not speak with reasons; they answer with adjectives. Are they leftist?"

[Question] You mean there is no argument.

[Answer] No, but my friends and I are heard. We criticized the guerrillas and our criticism caused a horrible scandal. However, 2 years later, our scandalized critics repeated what we said. The difference was that when we said it, we were /reactionary/ and when they repeated it, they were /revolutionary/. The same thing happened when we denounced the repressive Soviet systems; they called us U.S. agents. Now the PSUM denounces the intervention in Afghanistan (although its statement was incomplete). Many of the positions that we held are now those of our critics but they will never admit it. There are so many examples! For a long time you could not mention the persecution of homosexuals in Cuba....

What do the Mexican leftist intellectuals need? The same as the PRI: to go to the school for democracy which is a school of criticism and tolerance. Why doesn't the left have votes and why is it closed into small university groups? In the first place, because the language they speak is not that of the Mexican people nor of the workers. Now they have made a democratic profession of faith but, in order to be believed, they must make a harsh criticism of the Soviet Union, Cuba and Nicaragua. Why didn't the Mexican left ever tell the Sandinists in friendship but firmly that the bureaucratic and militaristic tendencies of the regime were alarming? Why haven't they spoken about the real situation of the working class in Cuba? Naturally, in order to speak of all this, they must first make an examination of conscience. Democracy begins at home.

[Question] With all that, do you consider yourself leftist?

[Answer] I come from the philosophy called leftist. It was very important in my education. I do not know now...but I know that my dialogue--at times my argument--is with them. I do not have much to talk about with the others.

The interview ended with Octavio Paz explaining the reason for his book, "Tiempo nublado." "There are times when we feel the need to set our ideas down in a book. History has always interested me. This book is the result of my long-standing concern and my life abroad."

Paz was present at many international events: the birth of the United Nations, the Spanish Civil War, part of the U.S. war. He has been a diplomat and has traveled to all the continents. He told us that all this "has had an effect on my intellectual life. My book was born from many reflections and experiences."

We left the poet's house. The weather was still cloudy. As we crossed the street, we read the inscription to the reporter: "Differences are not enmities." We believe it. We really want to believe it.

7717
CSO: 3248/398

OPPOSITION'S ALTERNATE CITY COUNCILS; PMT REGISTRATION

Mexico City EXCELSIOR in Spanish 31 Dec 83 pp 4-A, 31-A

[Article from "Political Fronts" column, by Humberto Aranda]

[Text] The opposition parties will put into effect a new form of protest in municipalities won by the PRI [Institutional Revolutionary Party]--fraudulently, according to them--installing "alternate city councils" that would operate alongside those established constitutionally.

The PAN [National Action Party] will install one of these city councils in Mexicali on 5 January 1984. The PSUM [United Socialist Party of Mexico] and the COCEI [Organization Committee of Peasants and Students of the Isthmus] will do likewise tomorrow, Sunday, in Juchitan. Tomorrow, too, the PRT [Revolutionary Workers Party] proposes to follow suit in the cities of Hidalgo and Tula in the State of Tamaulipas.

In Mexicali the PAN city council will be headed by Eugenio Elorduy, that party's former candidate for the city council chairmanship, who announced that members of the elections slate that he headed last September would be part of the city council.

One of the tasks to be realized by the PAN "city council" is that of collecting 200 petitions from families seeking land to build homes and turning them over to the government of Xicotencatl Leyva Mortera. He reported that the alternate city council will constantly visit the city's neighborhoods and those in the Valley of Mexicali with the purpose of channeling popular demands, mainly in the field of public services.

Raul Jardon and Pedro Penaloza reported respectively on the establishment of "city councils" in Juchitan by the PSUM and COCEI and in the Tamaulipas cities of Tula and Hidalgo by the PRT.

PMT To Fight for Its Registration

The Mexican Workers Party [PMT] headed by Heberto Castillo Martinez announced yesterday that it will insist on its right to register legally as a party, which it has been denied officially for 6 years now.

"The personal idiosyncracies or interests of groups cannot have priority all the time over the decision of thousands of Mexicans to establish their own political party," the PMT asserted in a press release.

The said party, founded in 1974, argued that evidence of its power and political vigor is that during the months of June and July 1983 alone it promoted the creation of the Rural Workers Union of the Mexican Republic, the National Association of Mexican Women, and the National Youth Association, organs which are allied with the PMT but are independent in their operations.

It was announced that the delegates to the Third Ordinary National Assembly of the PMT agreed to promote a drive to secure the appropriate registration.

Furthermore, the assembly agreed to modify the party's constituent documents and to consider talks for an eventual merger with the PSUM as ended.

2662

CSO: 3248/383

PRESIDENT, DEFENSE SECRETARY ISSUE UPBEAT APPRAISALS

Mexico City EXCELSIOR in Spanish 3 Jan 84 pp 1-A, 10-A

[Article by Aurora Berdejo Arvizu]

[Text] "Based on the facts, based on the traditional loyalty and honor of our Armed Forces, I can state that we Mexicans can begin the year 1984 calm and secure," President Miguel de la Madrid said yesterday in receiving new year's greetings from the members of the Mexican Army, Navy and Air Force during a ceremony in the honor yard of the National Palace.

The chief executive said that Mexico's Armed Forces are an example to the world of loyalty to the law, of guardians of democracy and of solidarity with the masses in their continuing struggle to fulfill the nation's destiny.

After receiving the Armed Forces' pledge to remain loyal to the nation's institutions, the chief executive underscored: "The Mexican people want peace, freedom, democracy and justice in 1984 and are readying themselves to continue struggling against domestic and foreign difficulties and to move forward in our development process."

President De la Madrid said that these wishes of the Mexican people are firmly supported by our Armed Forces and he voiced his conviction that "together, this year we will be able to continue surmounting the problems that we have been called upon to tackle and that all of us Mexicans, particularly our soldiers and sailors, have, in fact, tackled, in keeping with our destiny and our history."

The secretary of national defense, Gen Juan Arevalo Gardoqui, who led the Armed Forces greeting, said that the country is at peace and realizes quite well that there is a reason for today's concerns and sacrifices, because Mexico will do more than just surmount its troubles; it will emerge more modern and more just.

"Without radical changes and without any violence the republic grows strong through a hardworking people who seek and enjoy freedom, who do not believe in utopias, who can make sacrifices when they have

faith and who trust in those who serve them in good faith and who intelligently seek to continue moving forward," he stated.

The defense secretary added: "Order is returning to the nation, and things are falling into place," asserting that "we are enormously proud of our people, our institutions and our president, Miguel de la Madrid."

He reaffirmed the Armed Forces' loyalty to the country's institutions and to the president and said that "Mexico is gradually overcoming the most critical moments of these hard times and is on the way to surmounting the crisis through confidence."

Adm Miguel Angel Gomez Ortega, the secretary of the navy, said, as the president listened, that the nation's social fabric "has been adversely affected during the past year. Nevertheless, in this serious situation it has called on its reserves and has remained firmly on its feet, taking sure steps towards its destiny."

Adm Gomez Ortega stated that through him the Mexican Navy was reaffirming its loyalty and patriotism and its unwavering resolve to serve the country with devotion and self-sacrifice.

8743

CSO: 3248/394

OPTIMISTIC STATEMENT BY MOTA ON CRIME RATE DRAWS CRITICISM

Says Corrupt Police Being Expelled

Mexico City UNOMASUNO in Spanish 4 Dec 83 pp 1, 23

[Article by Victor Manuel Juarez]

[Text] During a meeting with President Miguel de la Madrid, Gen Ramon Mota Sanchez, director of police and traffic, informed the chief executive that the crime rate in the Federal District has remained static and in some cases has experienced an appreciable decrease; that the morale of the police force has improved since the purging of corrupt personnel; and that an old corrupt practice will be extirpated, namely the practice of superiors exerting pressure on their subordinates to engage in extortion.

According to information released by the presidency of the republic, Gen Mota Sanchez explained to the president that a drop in auto thefts, robberies of houses, banks, service establishments and industries is the result of the structural and functional reorganization of the police force, the capture of gangs and the establishment of special patrol and protection groups for the population.

He said that on the basis of statistics produced by the office of the attorney general of justice of the DF and of the DGPYT [Directorate General of Police and Traffic] itself, the new patrol and protection systems have resulted in a significant drop in the number of auto thefts, since the figure of 2,000 thefts in September 1983 dropped to 1,000 in October with the 4,000 and 3,000 cases recorded in the same months of 1982, respectively.

He pointed out that Operation Alfa was implemented to protect the lives and property of the capital's residents. This operation has resulted in lowering the crime rate and bringing permanent calm and confidence to the metropolitan area of the DF. "Thus," he said, "robberies with and without violence have decreased considerably because of the work of these special groups and stepped-up patrols in the city."

"Bank robberies," he said, "experienced an unprecedented increase in the month of January; however, beginning with the September-October 2-month period, with the application of Operation Alfa, these robberies have practically 'disappeared,' according to the November statistics."

Commenting on the morale of the police force, he said that firm and positive progress is being made in training programs and incentives, the purging of corrupt personnel, simplification of procedures, decentralization of functions and the elimination of groups of inspectors who encouraged corrupt practices. In addition, the new highway safety systems have produced a 50-percent drop in the incidence of injuries from traffic accidents compared with previous months.

"With the implementation of Operation Alfa," he added, "new controls have been established over the police through internal reviews and public complaints."

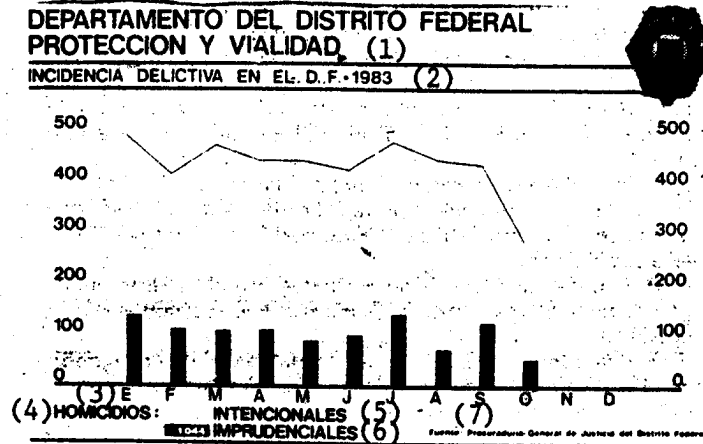
Of the problems presented in the 2,448 complaints against bad police officers, 2,315 were resolved; 207 officers were fired and disciplinary action of 1 to 15 days imprisonment was taken against 1,154 police officers.

In this regard, President Miguel de la Madrid issued instructions to City Manager Ramon Aguirre Velazquez to give priority to Operation Alfa in the public security policies of the DF. Mota Sanchez emphasized that the president's decision to extirpate the old corrupt practice--which had become almost an institution within the police force--would be implemented without delay. The old corrupt practice consisted of pressure being exerted by superiors upon subordinates to force them to engage in extortion.

"It is obvious," the director of the DGPYT said, "that we cannot have an effective, fit and capable police force if there are internal problems of law morale which prevent the establishment of adequate discipline with the consequent sense of dignity."

He then pointed out that the people's confidence in a professional police force will make it unnecessary for a citizen to obtain weapons on an individual basis for his own security; will eliminate private security measures in districts, housing developments and residential areas; and will encourage citizen participation in police actions to make security more effective.

Table 1



Key:

1. DF Department of Safety and Highways
2. Crime rate in the DF-1983
3. January
4. Homicides
5. Premeditated
6. Unpremeditated

7. Source: Office of the Attorney General of Justice of the Federal District

This table shows the trend toward a drop in the homicide rate, which decreased from approximately 500 cases in January to fewer than 300 in October. One-third of the latter were attributed to negligence.

Table 2

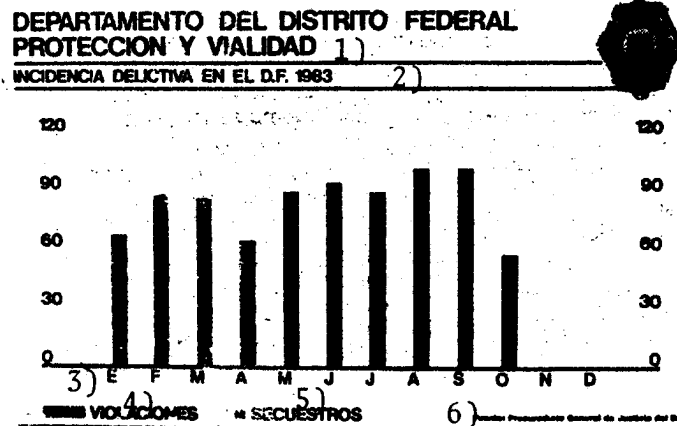
DEPARTAMENTO DEL DISTRITO FEDERAL PROTECCION Y VIALIDAD 1)		
ACCIONES REALIZADAS DE CONTROL, AUDITORIA Y MORALIZACION 1B		
2)	3)	4)
CONTROL	AUDITORIA	MORALIZACION
5) CONFORMACION DEL SISTEMA INTEGRAL DE CONTROL INTERNO	8) SERVICIOS AL PUBLICO	14) DENUNCIAS CIUDADANAS
6) DIAGNOSTICO E INVENTARIO DE PRACTICAS DE CONTROL INTERNO	9) ADQUISICIONES	15) RECIBIDAS 2448
7) INSTRUCTIVO DE CONTROL DE BIENES MUEBLES INMUEBLES SEMOVIENTES Y ARMAMENTO	10) CONTROL DE PAGOS	16) SOLUCIONADAS 2315
	11) BALISTICA	17) PERSONAL CONSIGNADO 207
	12) DEPOSITOS DE VEHICULOS	18) CORRECTIVOS DISCIPLINARIOS 1154
	13) ACADEMIA DE POLICIA	

KEY:

1. DF Department of Safety and Highways
- 1B. Control, Internal Review and Morale Actions Taken
2. Control
3. Internal Review
4. Morale
5. Development of Integral Internal Control System
6. Analysis and Inventory of Internal Control Practices
7. Instructions for the Control of Furniture, Semipermanent Fixtures and Arms
8. Services to the Public
9. Purchases
10. Control of Payouts
11. Ballistics
12. Vehicle Pounds
13. Police Academy
14. Citizen Complaints
15. Received: 2,448
16. Resolved: 2,315
17. Personnel Fired: 207
18. Disciplinary Actions: 1,154

The Control, Internal Review and Morale Program undertaken by the Directorate General of Police and Traffic has received 2,448 complaints to date; 2,315 have been resolved; 207 persons have been fired; and disciplinary action has been taken against 1,154 individuals.

Table 3

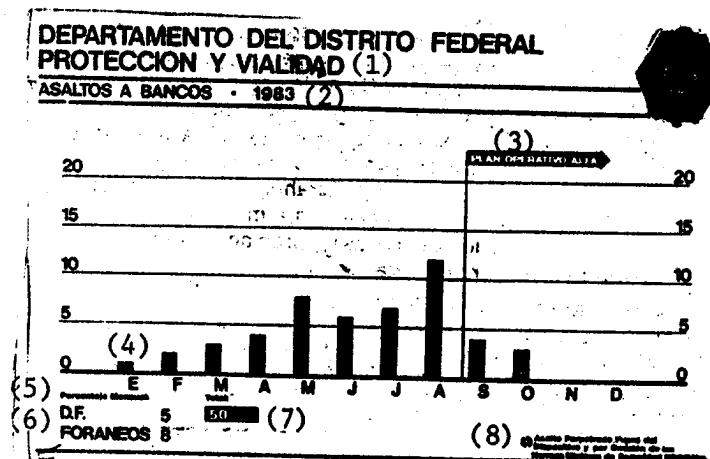


KEY:

1. DF Department of Safety and Highways
2. Crime Rate in the DF in 1982
3. January
4. Infractions
5. Kidnappings
6. Source: Office of the Attorney General of Justice of the DF

Infractions and kidnappings which occurred in the month of October experienced an appreciable drop compared with September.

Table 4

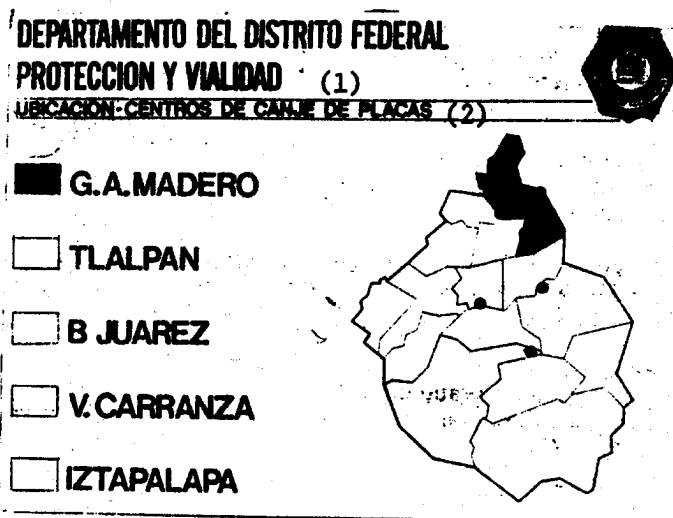


Key:

1. DF Department of Safety and Highways
2. Bank Robberies, 1983
3. Operation Alfa
4. January
5. Monthly Percentage
6. Foreign
7. Total
8. *Robbery occurred outside the bank because of failure to observe minimum security standards (1506 hours)

One of the most serious problems of modern cities is the protection of banks. Beginning with the start of Operation Alfa, the rate of bank robberies in Mexico City has decreased appreciably.

Table 5

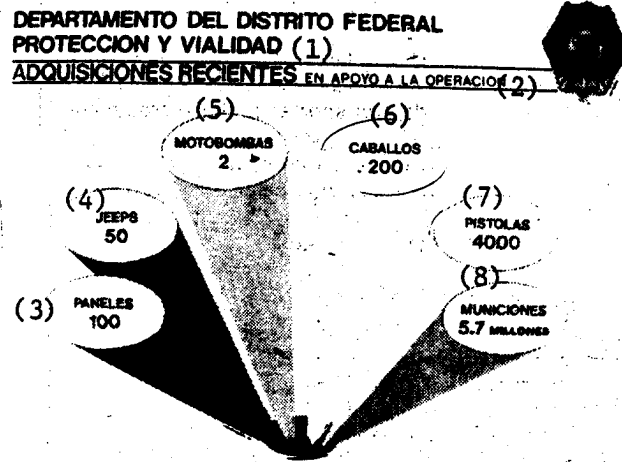


Key:

1. DF Department of Safety and Highways
2. Location of Auto Tags Centers

The Directorate General of Police and Traffic will make available to the public five auto tags issuance centers, which will be located at various places in the capital for the convenience of the public. The map shows the location of these service centers by region.

Table 6



Key:

1. DF Department of Safety and Highways
2. Recent Purchases (in support of operations)
3. Panel trucks
4. Jeeps
5. Fire engines
6. Horses
7. Pistols
8. Ammunition

Recent purchases of police equipment to provide greater protection to the population.

Statistics Contradicted

Mexico City UNOMASUNO in Spanish 5 Dec 83 p 27

[Article by Fernando Ramirez de Aguilar L.]

[Text] Yesterday the National Association of Attorneys and university researcher Pablo Cabanas contradicted the statements made by the head of the DGPT [Directorate General of Police and Traffic], Ramon Mora Sanchez, who had said that the rates of crime and delinquency had been reduced.

The association said that Mota Sanchez is forgetting the great number of public complaints made by capital-city residents against acts committed by police roundups. For his part, Cabanas asserted that the PJDF [Office of the Attorney General of the DF] statistics released by Mota "are being manipulated, since the facts have shown that the rates have been increasing and the police are unable to bring them under control."

Several members of the National Association of Attorneys, of which Pedro Solis Camara is president, who were interviewed by this newspaper, said that both the DGPT police and Judicial Police agents have been inept in the performance of their duties. Therefore, they proposed the formation of an honor and justice committee--since the present one is being run by the police themselves--which would keep an eye on the activities of both police organizations.

Solis Camara pointed out that unfortunately the police under previous governments--principally the preventive police forces--had acted in an arbitrary manner, with a great show of authority and corruption. "It is very difficult to believe that the police have now changed and in particular that they have improved. On the contrary, they are more authoritarian and arbitrary than before. They have to change."

He added that there is popular demand for an improvement in the behavior of the police and that the president of the republic has made every effort to improve them. However, "not all his colleagues have responded with the same efficiency the case merits."

He called for greater participation in collective problems and said the town meetings convened by President Miguel de la Madrid should be on a continuing basis so that programs for collective benefit may be most effectively implemented.

8143

CSO: 3248/363

BRIEFS

STPRM SECTION 34 LEADERS INSTALLED--On assuming office yesterday the new leaders of Section 34 of the STPRM [Mexican Petroleum Workers Union]--both the incoming committee and the outgoing committee--expressed their gratitude "for the impartial assistance in the change in leadership and unity that we have received from our top national executives, Salvador Barragan Camacho, national leader, and Joaquin Hernandez Galicia (alias "La Quina")." On assuming his office Juan Pelaez Magana, incoming general secretary who was elected in the last assembly by majority vote, noted that "with the support of Senator Barragan Camacho and Hernandez Galicia I hope to accomplish the task that my working colleagues have entrusted to me. I promise nothing, except work. I also hope," he indicated, "to end our connections with occasional workers since our section is saturated with these." The outgoing leader, Hector Valladares, on his part noted that for the first time the section under his care handed over assets totaling 453 million pesos including 103 million pesos originating from the execution of contracts, 108 million in investments, 159 million in savings deposits, and 19 million in cash. The assumption of office by the new leaders occurred in the presence of the workers of Section 34 of the STPRM who expressed their total adherence to the national leader Barragan Camacho and the chairman of the National and Revolutionary Workers Committee, Joaquin Hernandez Galicia. Both the incoming and outgoing leaders received special recognition from the workers who said that the former have undertaken to tackle the problems that they [the workers] face in their working and personal lives. [Text] [Mexico City EXCELSIOR in Spanish 31 Dec 83 p 22-A] 2662

MEETING OF MILITARY ZONE COMMANDERS--The commanders of the country's 36 military zones are holding a series of meetings at the Defense Secretariat to deal with issues relating to their commands. Most of the commanders are major generals but some are lieutenant generals, who are responsible for "the republic's tranquility and security," the National Defense Secretariat reported. The secretary of national defense, Lt Gen Juan Arevalo Gardoqui, chairs the meetings, which are held in the secretariat's major conference room. The most recent meeting will conclude today, and an official report will be issued on some of its aspects. [Text] [Mexico City EXCELSIOR in Spanish 4 Jan 84 p 15-A] 8743

SALE OF PEMEX POSTS--The sale of positions to temporary workers of Mexican Petroleum [PEMEX] at 300,000 and 400,000 pesos each by leaders of Section 34 of the Mexican Petroleum Workers Union [STPRM] was denounced yesterday at the public prosecutor's office of the Mexican Republic by Guillermo Terrazas Ortiz, vice president of the United Temporary Workers Organization of PEMEX. Terrazas Ortiz said that this is the second time that he has denounced such a racket given that last year he had pressed formal charges in the public prosecutor's office where the case was filed in section 16 but no action whatever had been taken against leaders selling positions and these continued to demand payment from temporary workers wishing to hold factory jobs in PEMEX's supply stores and its shipment and distribution department in Mexico City. Naming names of those accused, the representative of the affected workers, Terrazas Ortiz, indicated that the racket is being carried out by Hector Valladares Torres, general secretary of Section 34; the labor secretary of the same section, Juan Pelaez; and by Ernesto Mendez Castro, a PEMEX official who holds its position of personnel director. Terrazas Ortiz added that the ease with which the plant jobs are secured for payments ranging from 300,000 pesos to nearly half a million pesos creates a situation in which many applicants have found themselves "frozen" since 1980 because they have been unable to satisfy the requests for payoffs of the two union leaders and their accomplice, PEMEX's director of personnel. [By M. Campos Diaz y Sanchez] [Text] [Mexico City EXCELSIOR in Spanish 18 Dec 83 p 5-A] 2662

CSO: 3248/383

BRIEFS

DEPUTY MINISTER OF FISHERIES--Doctor Emilio Rodriguez Larrain Salinas was sworn in last night as the new deputy minister of fisheries. [Excerpt] [PY142100 Lima EL COMERCIO in Spanish 17 Jan 84 p A4]

NEW NATIONAL DEFENSE CHIEF--President Belaunde has sworn in Major General Jorge Flores Torres as the new national defense chief. Top Navy chiefs and officials were in attendance at the ceremony which was held in Government House. Maj Gen Flores Torres replaces General Victor Gil Astete. [Text] [PY142100 Lima Diplomatic Information Service in Spanish 0712 GMT 25 Jan 84]

DIPLOMATIC RELATIONS WITH TONGA--In official communique No 004-84 dated 20 January 1984, the Foreign Ministry reported the establishment of diplomatic relations with the Kingdom of Tonga, adding that the Peruvian ambassador to New Zealand will serve as concurrent ambassador to Tonga. [Summary] [PY142100 Lima Diplomatic Information Service in Spanish 0734 GMT 24 Jan 84]

MINERAL PRODUCTION FOR 1983--Lima, 4 Feb (AFP)--The National Mining and Oil Association has reported that during 1983 the production of fine copper dropped from 355,000 tons to 317,000 tons, fine iron from 3,723 tons to 2,750 tons, and iron concentrates from 5.4 million tons to 4 million tons. It added that silver production increased from 45.3 million troy ounces in 1982 to 48 million troy ounces in 1983. [Excerpt] [PY142100 Paris AFP in Spanish 1456 GMT 4 Feb 84]

RECORD GDP DROP IN 1983--Lima, 4 Feb (AFP)--Specialists of the National Planning Institute have reported that the gross domestic product [GDP] registered a record drop of 11.9 percent during 1983 as compared to increases of 0.7 percent and of 3.2 percent during 1982 and 1981 respectively. [Excerpt] [PY142100 Paris AFP in Spanish 1501 GMT 4 Feb 84]

LONG-TERM FOREIGN DEBT--The Central Reserve Bank has reported that the long-term foreign debt amounted to \$10.59 billion at the end of the third quarter of 1983, adding that \$1,622,000,000 of the total figure was made up of private debts. [Text] [PY142100 Lima Diplomatic Information Service in Spanish 0648 GMT 3 Feb 84]

GDP-FOREIGN DEBT EQUIVALENCE--According to the Central Reserve Bank statistics, the public foreign debt was equivalent to 45.8 percent of the gross domestic product [GDP] at the end of the first half of 1983 as compared to 33.6 percent of the GDP on 30 June 1982, which represents a 12.2 percent increase. According to the bank's economic bulletin, the long-term public foreign debt amounted to \$7,449,000 on 30 June 1983. [Excerpt] [Lima EL COMERCIO in Spanish 31 Jan 84 p A9]

FOREIGN INVESTMENTS IN 1981--Lima, 21 Jan (AFP)--The National Commission for Foreign Investments and Technology has reported that foreign investments totaled \$1,126.7 billion during 1981 as compared to \$888,492,000 million during 1980. The commission added that 50 percent of the 1981 investments was made by the United States, 14 percent by Switzerland, 9 percent by Panama, 4 percent by Italy, 4 percent by the United Kingdom, 3 percent by Japan, 2 percent by Canada and 14 percent by other countries. [Excerpt] [PY142100 Paris AFP in Spanish 1655 GMT 21 Jan 84]

CSO: 3348/273

VOTER REGISTRATION PROCESS EXTENDED; PROCESS EXAMINED

Kingstown THE VINCENTIAN in English 10 Feb 84 p 4

[Editorial]

[Text] Now that the Government has granted the request for an extension of the voter registration period, it is up to all the political parties to undertake a rigorous campaign to persuade every eligible person to complete the registration process in the time available.

The extension cannot be described as long but it has doubled up the original period (3) weeks allowed for enumeration. A lot of names can get on the list in three weeks.

There have been rumours of lack of co-operation from the public, of difficulties being experienced by people who are at work all day outside their constituencies and of friction with enumerating officers. Vincentians who love their country have a big responsibility to it. It is their bounden duty to help to put the political party that the majority believe can contribute most to the progress of St. Vincent and the Grenadines. Every man and woman who has the right to vote at the next General elections should turn out and cast that vote for the party of his choice.

As much publicity as possible should be given to the enumeration process. For this reason, it is unfortunate that the Government Radio Station has refused paid advertising from the opposition New Democratic Party for a matter of national importance.

It should be possible to overcome the present frustration with the help of the Electoral Office and the Leader of the party of the would be voter's choice.

It is not good for the party who is to pilot St. Vincent and the Grenadines destiny for five years to get into power on a negative vote. This is what can happen if people stay at home instead of doing their duty on polling day.

Another thing, Vincentians should make sure that bribes do not influence where they put their X. What use is a \$100 bill, or some milk or other food today when the price is a bad Government tomorrow?

Times are hard all over the world. Any government in practically every country has terrible odds against which to fight. We in St. Vincent have the odds of economic deprevation, poor or non-existant planning, uncertainty about the future and more arrayed against us. let us use the institutions and the little power we do have with the assurance of our rights.

CSO: 3298/537

DISCUSSION OF ELECTION POSSIBILITIES, NEED FOR SENATE

Port-of-Spain SUNDAY GUARDIAN in English 19 Feb 84 p 20

[Article by Nora Peacocke]

[Text]

THE unceremonious hurry to prepare a new Voters' List has given rise to the assumption that the ruling St. Vincent Labour Party of Robert Milton Cato plans a "snap" election. An adequate revision of the Voters' List is certainly long overdue, but the sort of mad rush in its preparation that will cause the disfranchisement of hundreds, perhaps thousands, of citizens is hardly the answer. Vincentians have waited years for the compilation of an up-to-date register of voters — they would prefer to wait two months longer and have a proper list than rush its "completion" and have something that frustrates the idea of adult suffrage on which democracy is built.

The possibility of an early election has turned the thoughts of a number of Vincentians on our current parliamentary set-up. One political analyst has been particularly hard of the presence in our House of six Senators completely devoid of power.

St. Vincent and The Grenadines has Senators but no Senate. A situation regarded by my political analyst friend as completely ludicrous, especially as the Senators have no vote and mostly sit mute in the House, except for a chance during the Budget Debate to express their views — which are more or less foregone conclusions. In short, the Senators are staunch party supporters and the appointments are rewards for faithful service and for unflinching loyalty to a party or a political personality.

SENATORIAL APPOINTMENTS

The proof of the use of senatorial appointments as party rewards is illustrated clearly by the seasoning of Opposition Senators in direct relation to the seasoning of opposition leadership that has been taking place here. The Senators are paid monthly salaries of over \$1,000 (EC).

An amendment to the Constitution which would establish a Senate as a separate body to form an authentic Upper House in our Parliament is advocated.

To the present four Government and two Opposition Senators, four representatives of non-political organisations should be added. For example, the trade union movement, the Chamber of Industry and Commerce, the National Council of Women and the National Youth Council. The appointments should be made by the Governor-General on the advice of the organisations, not the Prime Minister or Leader of the Opposition.

The Senate should have similar powers to those of the Upper House in other democratic systems similar to ours, say, the House of Lords in Britain. Of course this is on the assumption that the Westminster continues to be the model.

The contribution to an expanded approach to the running of the nation of persons with fundamental stakes in the community, an interest in sections fundamental to the development of the country, no political axe to grind and a consciousness of the need for national service within the context of national progress, should be enormous. The value of senatorial debates should offer the Lower House a wide view of the thoughts and needs of the people.

The Government should gain an insight into the aspirations of the nation that could influence the plans for development that would fall into a pattern closely affiliated to the people's concept of the national good. Senators should not receive salaries — only the allowances needed to make them function adequately, like travelling and out-of-pocket expenses for, say, meals away from home when on national business.

In other words, the Senators

should become sources for the enrichment of the parliamentary concept and process. At present they are merely supporters and opposers of Government statements. Even this function is limited to special occasions in the House of Assembly.

The organisations which I have suggested as the sources from which senators should be drawn as all integral in the society. They represent labour, production and distribution, women and youth. Agreement or dissent from any of these quarters spells the difference between strength and weakness by a government and its opportunity to function smoothly. No government can be secure or even efficient unless it has the support and confidence of most of the workers, most of the producers, most of the women and most of the youth.

The best way to make available to the country's system of government the expertise, aspiration and goodwill of these essential sections of society is by providing for them places in the governmental set-up which carry with them responsibility.

It should help the maintenance of democracy and hinder the passage of undemocratic laws with subsequent frustration for either the people or the government if there are demonstrations.

I believe that the establishment of a viable Senate, that includes in its membership representatives of organisations that speak for sections of the population that are crucial to the well-being of the nation, either economically or socially, or both, would make an enormous contribution to better government.

CSO: 3298/537

BOOK INCLUDES JOURNALIST'S VIEWS ON, TALKS WITH BOUTERSE

Rotterdam NRC HANDELSBLAD in Dutch 4 Feb 84 Supplement p 6

[Review of Peter Schumacher of book "Willem Oltmans in gesprek met Desi Bouterse" [Willem Oltmans in conversation with Desi Bouterse] by Willem Oltmans; Jan Mets, Amsterdam, presumably 1984, 107 pages]

[Text] Desi Bouterse, the "leader of the revolution" in Suriname, can do nothing right in the Netherlands since the execution of 15 prominent Surinamers in December 1982. This "murderer," dictator" or "tyrant," as he is regularly referred to by the media and politicians in this country, must go as soon as possible; otherwise, normal relations with Suriname are impossible.

Journalist Willem Oltmans, who spoke with a number of his colleagues last year, thinks differently. Although, in spite of continuous insistence, Bouterse has not wished to give a full explanation of the circumstances under which the 15 prominent Surinamers met their violent end, the author is convinced that Bouterse did not personally have a hand in the executions.

Oltmans does indeed hold him responsible for the event. In addition, Oltmans has learned that the "tough intervention" of December 1982 was directly connected with an attempt on Bouterse's life being planned by Suriname's number two man, Maj Roy Horb, under instigation of the CIA and in conjunction with others.

Thus the most important "revelations" in Oltman's book. The reader discerns a picture of "the commander" as a leader of the people who wants nothing better than to construct a democratic system together with the Suriname people that is grafted on the Suriname national character.

The last thing that Bouterse says he wants is to "play the little dictator," but the army is in fact leading "the revolution," and this fact must still be taken into consideration for the time being. Bouterse of course wants good relations, based on mutual respect, with the Netherlands, who does not want to understand his noble intentions. Oltmans compares Bouterse several times with the late President Sukarno of Indonesia, who was also continually denounced by the Netherlands.

The author may perhaps create the impression of having been too one-sidedly occupied--he sees his book of 107 pages as "a contribution to the discussion

about Suriname"--but he certainly cannot be accused of sidestepping the question of the executions in his talks with Bouterse. He always returns to it. In vain, however.

Threat

We do not get beyond the statement, "I was in bed asleep at the moment the victims fell at Lie Pauw Sam." Bouterse does not wish to say anything further about it, in part to prevent further polarization, he says. Bouterse does not give any guarantee in his talks with Oltmans that "8 and 9 December" will never happen again. On the contrary, at least twice he assures that, faced with a threat similar to the one at the end of 1982, he could be compelled to again come down hard, "to save the revolution at all costs."

Oltmans is very satisfied with our ambassador in Paramaribo, J. B. Hoekman. He may not be allowed to reveal to us everything that Hoekman told him, but we are indeed allowed to know that the ambassador "is concerned about the serious lack of responsible and reliable communication and information between Suriname and the Netherlands."

Oltmans shares these concerns; in all fairness, he does not spare the failing Suriname information machinery: "It is irresponsible to manage the public relations of a state in such a way. This policy is asking for the serious difficulties which are indeed continuously cropping up. The damage done to Suriname by this is immeasurable."

However, these are friendly words compared to the withering judgement that the author passes for the most part on the Dutch press, including NRC HANDELSBLAD, as far as reporting on Suriname is concerned. The sharp words, however, that Oltmans feels he must use in his attack on the Dutch press, be it right or wrong, seem to be a hindrance rather than an open door to the discussion that he desires about the Bouterse administration. Nevertheless, a critical reading of this book is recommended for anyone who wants to learn something different about the present Suriname administrators and their thoughts.

12271

CSO: 3214/19

COUNTRY SECTION

SURINAME

BRIEFS

JAPANESE OFFICIAL RECEIVED--The temporary charge d'affaires of the empire of Japan in Suriname, Mr Tetsujiro Yokozeki, and his wife paid a courtesy visit to the Suriname head of state, Mr L. F. Ramdat Misier, and his wife Tuesday 13 December 1983 at the presidential palace. Mr Yokozeki has been with the Japanese Ministry of Foreign Affairs since 1948 and has worked as a diplomat from his country in several countries of the world. Mr Yokozeki has been acting charge d'affaires for Japan in Suriname since July of this year. [Text] [Paramaribo DE WARE TIJD in Dutch 14 Dec 83 p 1] 12271

CSO: 3214/19

ONR LEADER TOURS COUNTRY, URGES POLITICAL UNITY

Port-of-Spain EXPRESS in English 7 Feb 84 p 7

[Text]

Organisation for National Reconstruction (ONR) leader Karl Hudson-

Phillips appealed for opposition unity to remove the People's National

Movement (PNM) during a seven-village tour in East Trinidad at the weekend.

Hudson-Phillips and his deputy Surujattan Rambachan and other members of the party's executive, including chairman Roy Augustus, began the tour of Eastern villages at Valencia, moving through Sangre Grande, Canque, Plum Road, Biche, Navet and Rio Claro.

All along the way the ONR motorcade was halted for unscheduled meetings and a spontaneous show of hospitality, including meals.

At Rio Claro Hudson-

Phillips addressed a crowd of about 300 people, urging opposition unity. He said that opposition unity was the only salvation for the nation.

He added that the time had come for all people to "bury their differences and join in a united effort to snatch this country from PNM destruction." Hudson-Phillips said: "You must resist all attempts to divide you. You must resist all attempts to mamaguy you." He said the ONR was committed to the principles of the accommodation and warned against "any attempt by persons with selfish motives to destroy this progressive move."

Hudson-Phillips said opposition unity was the only way to protect the democratic way of life in Trinidad and Tobago. He said it would serve people no good if there were squabbles within the ranks of the opposition and that there should be no attempt by anyone to destroy the unity in the opposition ranks.

CSO: 3298/539

PUBLIC SERVICE GROUP HITS GOVERNMENT REVIEW, SEEKS UNION ROLE

Port-of-Spain EXPRESS in English 9 Feb 84 p 7

[Text]

THE Public Services Association yesterday criticised last week's announcement of the task force to undertake a review of the Public Service, saying that Government has "continued to ignore the fact that the trade unions must play a part in this exercise."

"They have continued to adopt this policy of no consultation with the unions," said PSA president, Kenrick Rennie. "They have treated the unions with no regard in that they have given us no representation on the board."

Rennie pointed to the two day seminar organised by the six public sector trade unions in May last year on the theme of reorganising the public service for development, at which, he said, there was no official representation from the government.

And in a statement yesterday, Rennie said the PSA took "particular

objection to the fact that the public sector unions were not consulted nor afforded representation on the task force."

Rennie said in an interview that while the task force was a good idea, "the people are going going to make a mess of the thing and were are going to have to fight them in the end." He said the PSA was now calling on Government to include on the task force, one representative from each of the six public sector unions.

Winston Rennie, head of the Economics and Rates division of the Public Utilities Commission and who was chair-

man of the seminar last May, at the Chaguaramas Convention Centre, also said yesterday that the unions representing workers in the public sector should be a part of the process for change in the public service.

He said public servants were now operating under a system of archaic procedures and structures, and that a comprehensive report with detailed recommendations for change was forthcoming from the May seminar.

He said that there had been no serious human resources evaluation in the public service for

many years and that any review of the service must address this question.

At the Chaguaramas seminar also, management lecturer, Gordon Draper, suggested that Cabinet ministers should also be put through a programme of a management audit, to ascertain the skills and effectiveness of "the highest management in the land."

Draper was named as one of the members of the 10-man review team, which is to be headed by Trinidad and Tobago's High Commissioner to Canada, Reginald Dumas.

TOBAGO GOVERNMENT 'PAPER' CRITICIZES IMPACT OF BUDGET

Port-of-Spain EXPRESS in English 7 Feb 84 p 13

[Article by Compton Delph]

[Text]

THE BASIS on which development funds have been allocated to Tobago should be revised, and the island's infrastructure expanded to support an accelerated programme of development. In any such expansion, the agriculture, fishing and manufacturing sectors must play a key role.

These points have been stressed in a paper entitled "Implications of a Twin Island Economy" presented by the Tobago House of Assembly to the National Economic Planning Commission on which the Assembly is represented by its Chairman, A.N.R. Robinson.

The Assembly's Paper also stressed that it is necessary to establish appropriately the Tobago House of Assembly Fund for the scheduling and effective implementation of projects, which would help diminish the planning problems now experienced.

In a report submitted to the Government in December, the commis-

sion said that it noted the paper and "considered that the issues raised therein were of sufficient importance to justify specific comments thereon by the (Demas) Task Force."

In the recent budget debate, however, a number of government ministers referred derisively to the Assembly's "Twin-Island Economy" paper, and as Chairman Robinson has pointed out, even Minister Ronald Williams who is a member of the Planning Commission, participated in the derision.

The paper makes the point that "certain aspects of traditional geo-economic realities vis-a-vis a twin-island economy must be borne in mind in any realistic approach to planned development in Trinidad and Tobago."

"Economic imbalance and under-development is likely to result and affect the smaller island adversely. In Tobago's case, the following is evi-

dent," the Paper reads:

●Isolation from traditional growth centres which acts as a disincentive to prospective investors.

●Physical separation which exacerbates above.

●The absence of the multiplier effect of expenditure made in Trinidad.

●Private sector investment close to zero.

●Leakage of public funds allocated to the smaller island (Tobago) back into the larger island (Trinidad) in that purchase of materials and equipment takes place in the larger island.

●Low level of investment with concomitant restricted opportunities for employment and career fulfillment.

●Traditional disproportionate public investment in the larger island, Trinidad.

In order not to perpetuate such a cycle of under-development, the Paper called for a revision of the basis on which development funds have been allocated to Tobago and for

an expanded infrastructure to support an accelerated development programme.

To quote the Paper further: "In formulating development policy for Tobago the need to correct the above must be recognised as a means to improve performance and create linkages to generate some measure of structural information."

"Planners must have the confidence that when Parliamentary appropriations are made at the beginning of the fiscal year, the funds so allocated would be available for implementing the projects and releases would not be denied mid-project. Planning becomes a nightmare without the provision of resource on which the planners can rely to ensure the continuance of projects."

The paper stresses that it is also essential that at the state where budget provisions are being considered, cognisance should be taken of linkages between projects.

MINISTER DISCUSSES DECLINE IN BANK DEPOSIT LEVELS

Port-of-Spain TRINIDAD GUARDIAN in English 17 Feb 84 p 17

[Text]

SAN FERNANDO:
"DECLINING deposit levels coupled with the expected intense competition for the credit are likely to have serious implications for commercial bank management and more especially liquidity management and in my view the management capability of the banking system and indeed the entire financial system will be seriously tested in 1984 and beyond."

This view was expressed by Mr Errol Mahabir, Minister of Labour, Social Security and Co-operatives at Siparia, on Wednesday when he opened the Siparia Branch of Republic Bank.

Mr Mahabir said that "available data indicate that the total deposits of government and non-financial public bodies and public financial institutions held at commercial banks declined from \$729.8 million at the end of 1982 to \$506.4 million at the end of September, 1983.

"As you know, a reduction in the level and inflow of bank deposits has a direct impact on the banking system's credit creation capability and essentially therefore, banks will quite likely experience a reduction in their pool of available loanable funds.

"This situation," he added, "though not without some possible advantages, is of particular concern, especially when the banking system is faced by what might be considered somewhat low liquidity levels."

Said Mahabir: "While the above scenario has numerous implications for bank portfolio management and bank behaviour in general, I wish to discuss a few of what I consider to be the most important ones.

"Perhaps the most immediate constraint with which commercial banks will have to deal is the fact that they are likely to be operating in a much more stringent liquidity situation — a situation to which commercial banks have hitherto largely been unaccustomed.

"This means, for example, that banks will have to pay even closer attention to possible large deposit fluctuations and to plan well ahead to deal with such situations should they occur.

"The average excess liquidity level over the whole of 1983 was 2.8 per cent, substantially lower than that of 1982 when it averaged 5.3 per cent. While excess liquidity averages 2.6 per cent in December, 1983, by January 24, 1984, it measured 2.5 per cent, and banks will almost certainly have a reduced pool of loanable funds to allocate."

Mr Mahabir told the large gathering of businessmen, industrialists and residents of the Sand City that the "changed circumstances in the banking sector will almost certainly lead to more intense competition for depositors funds from all deposit-taking institutions.

FISHERMEN BEING LURED TO VENEZUELA, COME IN FOR CRITICISM

Venezuelan Offer

Port-of-Spain EXPRESS in English 8 Feb 84 p 21

[Text]

ICACOS and Cedros fishermen are leaving by the scores for the Venezuelan coastal port of Perdernales to take up an offer to supply fish and shrimp to a private company at a higher price than that paid by the National Fisheries Company.

So far 37 boats with about 100 fishermen sailed out of Icacos and Cedros on Monday to take up the offer. A spokesman for the fishermen told the EXPRESS San Fernando Desk that the Venezuelan firm had offered them marine fuel at 75 cents a gallon without oil or 90 cents a gallon with oil.

He said the firm was also purchasing the catch at \$7 TT a pound for large shrimp, \$4 a pound for the medium and \$2.50 a pound for the small shrimp. He said the firm was buying catfish at \$1 a pound and shark at \$2 a pound.

In each case, the spokesman said, the price was higher than that paid by National Fisheries Company

which suspended buying operations at Cedros and Icacos some eight months ago.

The spokesman said that marine fuel which was sold at a post-budget price of \$3.10 a gallon was being offered to the local fishermen in Venezuela at 75 cents a gallon. The men were issued with special permits to fish in the Venezuelan fishing grounds and had been assured the protection of the Guardia Nacional.

The name of the firm had not been disclosed but the spokesman said that the fishermen would be paid in TT dollars.

The move by the fishermen had been enthusiastically received by the residents of the south-western peninsula.

One fisherman told the EXPRESS San Fernando Desk, "the government of Trinidad and Tobago had killed the fishing industry and before we starve to death or have to sell our dignity we may as well accept the Venezuelan offer."

The fishermen are returning every evening since Monday with tales of a successful operation. The spokesman said that a new association of fish-

ermen would be formed to protect the interest of those who accepted the offer.

The Cedros Fishing Cooperative headed by deputy speaker Cyril Rogers (PNM-Point Fortin) is reportedly powerless to stop the fishermen's drift to the Venezuelan mainland.

The spokesman said that the cooperative had "not lifted a finger to protect fishermen when the large NFC trawlers damaged boats and the fishing grounds." He said the cooperative was "important" to assist fishermen.

'Blackmail' Accusation

Port-of-Spain TRINIDAD GUARDIAN in English 18 Feb 84 p 1

[Article by Kit Roxburgh]

[Text] FISHERMAN in South West Trinidad have been accused of blackmailing the country through threats of selling their catches to Venezuelans for cheaper fuel than Trinidad offers.

National Fisheries Co. Ltd., (NFC) has also warned the Cedros and Icacos fishermen, who want to deal in a bigger way with the Venezuelans since the announcement by Energy Minister Patrick Manning of a gradual elimination of regular gasoline, that it is illegal for fishermen to trade abroad without approval for currency movements by the Central Bank.

The State-owned NFC has also pointed out that it has spent over \$4.2 million through buying from fishermen in the Cedros peninsula.

And, said officials from National Fisheries yesterday, NFC has repeatedly told the fishermen that they are free to sell their catches to other Trinidadians acting as middle men.

Further, National Fisheries is now constructing, at a cost of \$1,000,000, facilities for the fishermen of the area. These will be finished by the end of next month.

The company also stated yesterday that during the periods when gasoline prices were low, prices for fish showed significant increases.

Fishermen, the NFC went on, were never compelled to sell their catches to the company, but were instead encouraged to use the company's guaranteed prices as an offset while they looked for better offers.

In any case, during the last months of the last two years, Cedros fishers sold their catches to both local and Venezuelan middlemen, so the threatened practice is not new, despite the incentives offered locally.

Not Paying Tax

The NFC said that, bearing in mind the incentives of fuel rebates, duty free engines, spares, accessories, investment in modern beach facilities and the fact that most of the fishermen do not pay income tax, the company believes that "it is morally wrong for the fishermen to blackmail the citizens of Trinidad and Tobago by offering for sale their catches in return for Venezuelan fuel."

The company said that the Fishermen's implication of justification in selling to the Venezuelans is wrong in other ways. National Fisheries has not stopped buying in the South West peninsula, as the fishers imply.

"Such an implication is entirely without foundation," said the NFC yesterday.

It is not true, the company declared, that fishermen in the area are "treated with contempt or are the victims of bureaucratic callousness" on the part of the Ministry of Agriculture, as the fishers have been alleging.

In the late 1980, says the company, Mr Cyril Rogers, MP for the area, invited the NFC to help the same fishermen get a stable price for their fish, since they were at the time being exploited by middlemen.

After discussions with the fishermen's representatives, a comprehensive price list was agreed upon. This was in January 1981, and soon afterwards the company sent two vessels to collect icacos catches.

In early 1982, after talks with the representatives of the fishermen, prices were again decided. But the company explained that it was uneconomical to use trawlers as collector vessels and appointed a purchasing agent to handle and transport the catches to the NFC's Sea Lots plant. The NFC also agreed to pay the fishermen's cooperative a sum to defray overdraft expenses.

Since 1982, however, fishermen have been saying that the NFC's prices are too low, while the company has been telling the fishers that they are free to sell elsewhere. The company produced figures which generally show a steady increase in fish prices offered to operators in the area. Shrimp have fetched the biggest of all increases.

CSO: 3298/539

ISSUE OF ILLEGAL IMMIGRANTS CONTINUES TO AGITATE GOVERNMENT

Sharp Reply to Tannis

Port-of-Spain TRINIDAD GUARDIAN in English 17 Feb 84 p 10

[Article by John Babb]

[Text] MR. JOHN DONALDSON, Minister of National Security, yesterday called on the public to squeal on illegal immigrants and help the authorities deal with the problem, which he described as a very serious one.

Last week at the PNM Convention, Prime Minister Mr. George Chambers called on Mr. Donaldson to rid the country of these immigrants who, the Prime Minister said, were putting severe strain on the country's health, housing and educational services.

Police and immigration officials confirmed yesterday that there are an estimated 150,000 illegal immigrants in the country but locating them was a difficult thing.

Mr. Donaldson declined to confirm the figure but agreed that there was no manpower in the Police Service and Immigration Department to find those who were here illegally and deport them.

"At the same time," Mr. Donaldson said, "Trinidadians believe that it is wrong to give information about people in this situation. So it is only by chance, when there is an accident, or raid on a squatting community, or when some Trinidadian gets into an argument, it is only then that they are willing to give information to the police or Immigration Department.

But he said the problem was serious and there was need for action.

"I therefore invite the national community once more, as I did last year, to give information to the police and Immigration Department which will assist in dealing with this problem," said Mr. Donaldson.

Yesterday he welcomed the statement by the Prime Minister in making the country aware of the problem. Hopefully, he said, people will co-operate with the police

and immigration in their endeavours to deal with the matter "in as humane a manner as the situation warrants."

Mr. Donaldson said that a lot of the problems "we have these days, we did not have in the past ten years." During the oil boom years, he noted, there was no talk of immigration problems, but since there was this downturn in the economy there was a lot of talk about illegal immigrants.

"It seems as if the country was able to absorb migrants at a rather high rate during the boom years," he said.

Because of employment opportunities during the oil boom years, whole families went out to work, and that was when a lot of aliens were brought in to take care of the households. As a result, there are now thousands of illegal immigrants working in households, or working illegally under different types of subterfuges, he said.

The Minister cited construction sites as major workplaces for many such immigrants. Others had come in--equipped with tools and all--to build houses for private individuals. But, like the many who came before them, they refuse to return hom.

On one occasion, he recalled "we were told that there were people working on a very large project. The immigration went and investigated and found a work force of just over 200 illegal immigrants."

But he cited squatting as "the real problem." Each time raids are made, he said, some are discovered.

Mr. Donaldson recalled telling the Southern Chamber last year that "the continuous surreptitious entry of a few people ventually has the same result as a rush, such as has happened from Cuba and Haiti to the United States. It is less traumatic, but the effect is the same," he said.

One area that particularly concerns Mr. Donaldson is that of crime in which some illegal immigrants are involved. Apart from being used by the perpetrators of crime, he said, they are also victims, but they cannot seek redress by complaining to the police.

He said: "These people are under-paid, abused and blackmailed, and, in addition, the women are subject to additional abuses. It is a whole vicious circle they get themselves into, and cannot complain because they are afraid they would be sent back.

Oil Boom Problem

The Minister also said there was a lot of prostitution taking place. The claims to remain in Trinidad and Tobago by many women who had entered illegally, were usually sought through martial links, or having their children born here.

Since the Immigration Act of 1979, the Government has been able to regularise the status of illegal immigrants who have been in the country prior to 1973. "But that is not the problem," Mr. Donaldson said. "The problem is people who have come here since the oil boom."

The Minister cited two other events which resulted in an influx of immigrants-- a hurricane in the region and the Soufriere eruption.

He said two or three years ago he had recommended greater immigration controls, but at that time it was felt that the delicate Caricom fabric might be affected by such controls.

"It may well be that the time will come," he said "when the country will have to decide whether weakening of the Trinidad and Tobago thread of the Caricom fabric will not in itself weaken that fabric," he added.

He pointed out that although this country's laws provided for entry of Commonwealth citizens without them going through visa requirements, most Commonwealth countries did not have this facility. He cited Britain, Nigeria, and Tanzania as examples.

Recently, when the Government imposed visa requirements on Grenada citizens, it received a lot of flak. (The Government of Jamaica, since last October, has also imposed similar visa requirements on Grenadians.)

It was felt that if the illegal immigrants were in the rural areas involving themselves in agriculture the situation would not have grown out of hand so rapidly. But some 90 per cent were said to be in the city and urban areas, thus placing a strain on the utilities and other services.

According to the Immigration Department, illegal immigrants are now coming from as far as India, and marriages were being arranged with locals for them to remain in the country.

Mr. Donaldson said the problem was not as simple as it seemed, "because whereas from our point of view we are thinking of immigrants in the country, we must never forget that there are Trinidad and Tobago illegal immigrants in other parts of the world where they suffer the same abuses that immigrants suffer, and where they cause the same problems.

"That is the reason why, in my view," he said, "one has to be very humane about handling the whole situation."

Mr. Donaldson, in obvious reference to a statement made by Mr. Hudson Tannis of St. Vincent, took strong objection "to anyone from outside Trinidad and Tobago suggesting that illegal immigrants in Trinidad and Tobago are treated without due consideration by the authorities in Trinidad. Any anyone who says otherwise outside Trinidad and Tobago," he added, "is completely unaware of the reality.

Appeal for Public Help

Port-of-Spain SUNDAY GUARDIAN in English 19 Feb 84 pp 1, 18

[Text] CITIZENS of Trinidad and Tobago who provide the Immigration Department or the Police with information on the whereabouts of illegal immigrants in the country should not feel they are "squealing" on anybody.

There should be no embarrassment or hesitation in responding to the appeal of National Security Minister John Donaldson, because they would simply be fulfilling a responsibility to their community and to the country as a whole.

According to reliable estimates, there are some 150,000 immigrants now living illegally in our country. To begin with, they are breaking the law by their continued presence in our midst and more critically, they present an economic and social problem that becomes all the more intolerable in a period of adjustment to declining national revenues.

When we consider that the population of Grenada is about 106,000 and that of St. Vincent 100,500, we can begin to appreciate that the "weight" we are carrying in the form of illegal immigrants is actually "heavier" than any of the populations of the smaller islands of the West Indies.

Unworthy

So that any assistance which tax-paying citizens can give to the authorities to rid our country of this burden should not be regarded as "squealing" or doing something that is unworthy or reprehensible.

But while we support Mr Donaldson's call for public cooperation in this effort, we totally disagree with him that finding illegal immigrants within our borders should be a difficult matter for the Immigration Department or the Police.

These unwanted visitors are not ghosts or vampires who live in remote areas and isolate themselves from the day-to-day activities of our society.

They operate at large, some of them quite brazenly competing with citizens for employment and other social amenities, and it is our view that a large percentage of these aliens can be located and rounded up by the authorities without waiting on any tip-offs from citizens.

It seems to us that only Mr. Donaldson will have problems locating these undesired foreigners.

Prime Minister Chambers himself referred to the number of illicit outsiders vending on Queen Street. We would like to inform Mr. Donaldson that they can be found just as easily elsewhere.

They proliferate in all the squatting communities in the country, in the Diego Martin hills, Covigne Road, Cocorite, Claxton Bay, Point Fortin, Phoenix Park, Laventille and behind the Industrial Estate off the Beetham Highway.

Molesting

In downtown Frederick Street on a Friday and at the various malls in the country during the weekends they can be found liming and molesting women. The Drag Brothers ghetto on Independence Square and the Central Market at Beetham are also two of their regular haunts.

And, according to a letter writer to the Guardian last week, hundreds can be found in the Queen's Park Savannah when the Islands come to play Trinidad in Shell Shield Cricket.

Mr. Donaldson has his instructions from the Prime Minister and we expect him to galvanise the country's protective forces, the Police, the Regiment and the Coast Guard, together with the Immigration Department, not only in a concerted campaign to rid the country of illegal aliens but also to staunch the inflow by greater vigilance at points of embarkation and over vessels plying our waters.

There are a multitude of places for Mr. Donaldson to begin this seek-and-eject operation and we do not expect that he would wait on information from citizens to get going or permit the fallacy that illegal immigrants are too hard to find to deter him.

The National Security Minister did not want our soldiers to take part in the Grenada intervention because of the possibility of Grenadian shooting brother Grenadian.

We think that he now has even less excuse for not intervening to rid us of the problem of illegal immigrants.

Criticism of Government

Port-of-Spain TRINIDAD GUARDIAN in English 21 Feb 84 p 8

[Text] IT IS DIFFICULT to find the right polite word to describe the allegation attributed to the Deputy Prime Minister of St. Vincent that Trinidad and Tobago is "too harsh" on illegal immigrants (Guardian, P. 11, February 10).

Mr. Hudson Tannis, the Caribbean News Agency reports, "has called for a revision of the relevant laws to make them more tolerant."

Effect

The report did not say in what circumstances the call was made, whether Mr. Tannis was talking for effect or whether the St. Vincent Government had raised the matter directly with Port-of-Spain.

He is said even to have charged Trinidad and Tobago with inhumanity in carrying illegal immigrants before a magistrate, sending them to prison for three months and then deporting them.

Of course, Mr. Tannis must know the magistrate deals with such matters without any directive but only applies the law to the case before him.

It is difficult to determine what Mr. Tannis really wants. Does he desire someone who breaks the law to be treated with kid gloves so that he can continue repeating the offence, as has happened in some cases?

He seems to think the thing to do is for Trinidad and Tobago to contact the Government of the offender's country and seek to have the cost of the return passage remitted.

Actually, there would be only one passage involved in each case but Mr. Tannis is speaking from a lack of knowledge of the situation.

Surely, he does not wish any of his constituents to enter this country illegally?

Condoning

He does not know imprisonment and deportation have not served to deter many of the illegal immigrants whose activities he seems to be condoning and encouraging.

One hopes he does not think breaking the laws of Trinidad and Tobago will push the cause of Caribbean integration.

If he would only look at the "Evening News" of the same date as his story in the "Guardian" (February 10), he would see reported the case of an illegal immigrant from Grenada who admitted to the magistrate that he was part of an illicit operation involving the manufacture of false certified cheques.

He pleaded guilty to two charges and was sent to prison for 18 months on each charge, the terms to run concurrently.

What does Mr. Tannis want? That we open the floodgates wider still, lay out the red carpet and garland and crown the wrongdoer?

CSO: 3298/540

CARONI MAKES GAINS IN FOOD; ALLEGATION OF FRAUD PROBED

Fraud Squad Investigation

Port-of-Spain EXPRESS in English 4 Feb 84 p 3

[Text]

THE FRAUD Squad is currently investigating an alleged \$600,000 swindle at State-owned Caroni Limited.

The money was reportedly siphoned during an 18-month period, including concealing computer read-outs which would have exposed the racket.

A report said the fraud was discovered by auditors who were going through the company's records in the La Fortune section. The report said the alleged fraud involved preparing price job sheets but these jobs were never actually done.

The money was paid out and collected against the names of workers on the company's seasonal payroll. Police believe that the workers were party to the fraud, and collected a portion of the money.

But investigators were being hampered by the absence of the computer read-out sheets which were presumably destroyed. The auditors were also unable to identify the exact jobs for which money had been

claimed. This, a police source said, had delayed the arrest of the employee.

Contacted yesterday, Public Relations Officer Tony Deyal confirmed that the Fraud Squad was investigating a report from La Fortune. He said the matter was in the hands of the police and could give no further information.

Meanwhile Deyal denied that the company was paying \$12 an hour for storing some containers at Waterloo. He said the containers had a shipment of potash for the fields but they could not be opened until customs officers arrived.

He said that the containers were parked at Waterloo as a temporary measure at no cost to the company.

All Trinidad Sugar and General Workers Trade Union had complained that the company was paying off money for parking the containers and unable to find money to employ workers.

Diversification Projects

Kingston THE DAILY GLEANER in English 6 Feb 84 p 7

[Text]

PORT-OF-SPAIN, February 1, (CANA):

After persistent multi-million-dollar annual losses, Trinidad and Tobago's monopoly sugar producer, Caroni Limited, is just completing the first year of an agricultural diversification programme and reporting modest success.

Caroni, a state-owned

corporation, is pushing livestock, food production and coffee.

Caroni's manager of food production and cane farming Lyle Donawa says that in the area of livestock the company now has about 740 animals at three locations.

"Our target is to have 1,000 adults by 1987,"

Donawa recently told newsmen here.

The herd at one farm is being used for improving the water buffalo herd throughout Trinidad.

Buffalypso meat is coming out from the sugar cane feed centre monthly, with the young bulls fattened and sold to butchers nationwide.

At least 20 per cent of the animals slaughtered in Trinidad on a monthly basis are water buffalo and Caroni expects this percentage to rise as this programme is continued.

All the rice Caroni has produced so far — 44,000 pounds — has been sold to the local mill, earning the company just under TT\$70,000 (TT\$1=41¢ U.S.).

"The mill informed us that our rice is the best produced in Trinidad to date, because for the first time they got a uniform rice, in that it was one size grain and therefore easy to mill, and clean," Donawa said.

Caroni has planted about 70 acres of coffee. This was interplanted with bananas and plantain, which will be reaped toward the end of 1984.

Donawa on a recent visit to Brazil was able to observe the coffee harvester that Caroni intends to purchase perhaps by 1986.

At a propagating station here, Caroni has started seeding plants and in six months time expects to have stock plants ready for budding.

"By next year we should be producing 20,000 to 30,000 coffee plants from the propagating station," Donawa said.

He went on: "We have not accomplished as much in the food crop programme as we intended in 1983, but with the emphasis on agriculture and local food production in 1984 we have put up a fair programme for diversification in 1984.

"So far the finance for these programmes has been approved by

the board and we intend to push in the areas of rice production, root crops and our livestock," he said.

Donawa said that the market for pineapples is very good. Local production of this fruit has fallen over the years, but a new nursery has been set up and a pilot project is on the way.

Caroni has had a bit of a problem with its pigeon peas programme. The weather was against the September-October planting, but the company is moving to ensure that a minimum of 100 acres will be planted towards the end of 1984 for harvesting in 1985.

This too will be a pilot project, to determine yields, processing and the mechanical harvesting possibilities.

The Caroni official said that the company is also experimenting with a passion fruit project, with roughly three acres now under cultivation.

Caroni has a small rice crop in the ground now which will be harvested in April. After this the company will embark on a bigger project of 150 acres.

"We will follow this up with a second crop in October/November for early harvest in 1985 which should yield another half a million pounds of rice.

"When these two crops have been completed we will obtain full evaluation of costs, levels of production, technology, and we will determine whether we will go ahead with the 2,000 acre expansion," the Caroni executive said.

Recently the University of the West Indies (UWI), in conjunction with CARDI — the Caribbean Agricultural Research and Development Institute — held a root

crop seminar here. Out of which came a Caroni decision to do some pilot projects this year in root crops, mainly sweet potatoes, certain types of yams, tannias and dasheens.

These projects will determine cost and levels of production. Caroni says it already knows what the market requirements are for these crops.

"After we have determined this information, we will decide what acreage we should go into to meet market requirement," Donawa said.

Recently representatives from the Canadian International Development Agency (CIDA) have been investigating the possibility of setting up a small pilot farm for the production of onions, carrots and beets in Trinidad.

They had a look at the areas Caroni identified for them and will shortly produce a report which will deal with the feasibility of producing these crops here.

The idea is to have the pilot scheme run for two to three years, develop the technology and transfer it to the Trinidadians and then expand.

Food Production Projections

Port-of-Spain TRINIDAD GUARDIAN in English 20 Feb 84 p 1

[Excerpt] STATE-OWNED Caroni (1975) Limited has a mandate to produce food at a level and on a scale never envisaged and never done before by any single agency in this country.

So said Mr Teckle Skinner, acting Chief Executive of the company, on Saturday night last at Sevilla Club, Brechin Castle, at the "worker of the year" prize distribution function.

Mr. Skinner said: "Our approach to rice cultivation for instance, characterises our approach to our task of food production. We carefully study and plan our project. We must monitor it carefully. The pilot project approach has many advantages. "Because of this we have been able to grow and reap the first plantation rice crop, sowing it by aircraft and reaping it with a special harvester. This was a first for Caroni, and probably a first for Trinidad and Tobago.

Mr. Skinner said that this approach of trial and analysis, rather than trial and error, was what Caroni was using for other crops...like coffee, citrus, pigeon peas and casava.

Planning the Key

He stressed trial analysis rather than trial and error because Caroni could not afford error. It was too costly. It was for this reason, he wished to make it clear that "you should not expect miracles, and Caroni rice, or pigeon peas, on the shelf tomorrow.

"This does not mean that the urgency for food production is not recognised. We feel that this project approach is the way to go. Planning, rather than providence alone, is the key to assuring the food future of the company and country."

Change had a way of "passing out" those who did not respond or adapt to it. There were no dinosaurs left because they did not adapt to change, and the dinosaurs were bigger than whales.

"What I am trying to tell you is that the only way we can survive is by converting the things we now so bitterly resent, the controls, the accountability, into pluses and recognise them to be the only means to guarantee our survival. We cannot indulge in sentiment and talk about long time. Even measures we are taking now would not be enough. We have to look to the future," he added.

CSO: 3298/540

END